

A CENTURY OF
CO-OPERATION.
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- Life of Robert Owen.* (Macmillan.)
A Short History of the British Working-class Movement.
Allen & Unwin.)
The Common People, 1746-1938. With R. W. Postgate.
Methuen.)
British Working-class Politics, 1832-1914. (Routledge.)
Life of William Cobbett. (Collins.)
Persons and Periods. (Macmillan.)
Chartist Portraits. (Macmillan.)
Attempts at General Union, 1829-1834. (International Institute
of Social History, Amsterdam.)
James Keir Hardie. (Fabian Biographical Series.)
Richard Carlile. (Fabian Biographical Series.)
John Burns. (Fabian Biographical Series.)
William Cobbett. (Fabian Biographical Series.)
Socialism in Evolution. (Penguin Books.)

He has also edited:

- A New View of Society, and other Writings.* By Robert Owen.
(Everyman's Library.)
Marx's Capital, Vol. I. (Everyman's Library.)
Paine's Rights of Man. (Thinker's Library.)
Hodgskin's Labour Defended. (Workers' Library.)
Cobbett's Rural Rides. (Peter Davies.)

PREFACE

THIS centenary history of British Co-operation has been written at the request of the Co-operative Union, and forms a part of the Movement's tribute to the Rochdale Pioneers. It has had to be written under difficulties ; and I could not have written it at all had I not collected much of the material needed for it over a long period of years before the war. For the collection of local information I have had to rely mainly on correspondence, though I was able to pay a special visit to Rochdale and to extract from the records of the Pioneers' Society a good deal of information which had not been used, or had been misinterpreted, by previous historians. I wish to thank the numerous officers of local Societies who have helped me with records and facts that I needed. I wish it had been possible to include much more than limits of space allowed me to include about the history of particular Societies : those who furnished me with data that I have not been able to reproduce can rest assured that I found them of the greatest help in arriving at a realistic picture of the history of Co-operation in its successive stages of growth.

My thanks are due in very special measure to Miss M. Goulding, of the Co-operative College, who has helped me at every stage of the writing, finding material for me, checking facts, offering useful comments, of which I have taken frequent advantage, and, in the final stages, working with me in correcting the proofs and preparing the index. I also wish to express my great indebtedness to Mrs. R. V. Broadley, of Nuffield College, Oxford, who has given me unstinted help with the task of production from first to last. Their aid has been invaluable. I have also to thank cordially my old friend, Mr. A. Bonner, of the Co-operative College, for help in working on the records of the Pioneers' Society ; Mr. J. A. Hough, of the Co-operative Union, for checking my statistics of contemporary Co-operation, and for making useful suggestions ; Mr. R. Southern, Legal Department of the Co-operative Union : Mr. J. Bailey, of the Co-operative Party ; Miss G. Polly, of the International Co-operative Alliance ; Mr. J. Hallsworth, of the National Union of Distributive and Allied Workers ; Mr. J. J. Worley, of the Co-operative Productive Federation ; Mr. Percy Redfern, the historian of the C.W.S., from whose works I have borrowed freely ; Mr. J. L. Willson, of the Co-operative Youth Movement ; and Mr. E. Topham,

who has been responsible, on behalf of the Co-operative Union, for arranging for the printing and publication under the considerable difficulties of war-time production, aggravated by a manuscript considerably longer than he bargained for at first. Another old friend whom I should have delighted to thank has gone from among us while this book was being written. Miss Margaret Llewelyn Davies placed at my disposal her personal records of the Women's Co-operative Guild, and I must place on record my deep sense of indebtedness to her, not only for this help, but also for inspiration in the study of the Co-operative Movement over many years. Her close friend and collaborator, Miss Lilian Harris, is fortunately still within reach of my thanks, which I offer to her gratefully as the survivor of a great partnership.

As there will be, I hope, an opportunity later on of revising my book, may I say that I shall greatly value intimation of any slips of which I have been guilty, or further information particularly about the largely unwritten local history of the Movement in its early days.

G. D. H. COLE.

OXFORD,

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I.

“ THE HUNGRY 'FORTIES ”

The decade in which the Pioneers of Rochdale founded their Co-operative Store is known to historians as “ The Hungry 'Forties.” It deserves the name, not only on account of the devastating famines which swept Ireland when the potato harvests failed, but hardly less for the sufferings experienced by the working classes in Great Britain. The great enlargement of the powers of production which followed upon the new inventions in the textile industries and on the application of steam-power to manufacture and transport ought, had it been rightly used, to have added largely to the wealth and prosperity of the entire people: in fact, it inflicted upon them monstrous hardships which still arouse bitter indignation when one looks back upon them from the vantage point of to-day. One sees a hard generation of employers grinding the faces of the poor, and even making a merit of so doing, with the support of the orthodox economics of the day and of an other-worldly religion which taught that the “ deserving poor ” would be richly compensated for their sufferings in this world by their blessings in the next. On the other side, among the poor themselves, one sees instance after instance of a desperate struggle to escape—by great strike movements, by the political crusade for the People’s Charter, by founding Owenite Co-operative Communities or Chartist Settlements on the land, by wild adventures of religious enthusiasm, or, in final despair, by the sodden resource of gin. Of course not all employers were gradgrinds: there were some who helped manfully in the struggle for the Factory Acts, and a few who joined hands with the common people in resisting the inhumanities of the “ reformed ” Poor Law of 1834. Nor did all the poor take to Trade Unionism, or Chartism, or Socialism, or to the religion of Little Bethel, or to gin. There were some—a small minority of skilled workers whose services were in high demand—who were gainers by the new conditions; and there were others who went on their way listlessly, taking with stoicism or bewildered apathy the hard blows of fate. The main body of the working classes was, however, stirred by the troubles of the 'thirties and 'forties to a mood of revolt to which there is no more recent parallel. It was a revolt of despair based on a sense that nothing could well be worse than what men were actually experiencing—of despair converting itself now and then into millennial imaginings of a new social order in which men could live in happy comradeship, using the fruits of the new-found mastery over nature for the common enjoyment of all. The Co-operative Movement, as we shall see, had its historic beginnings in such millennial aspirations. The Rochdale Pioneers themselves set out

originally to create, not a mere shop for mutual trading, but a Co-operative Utopia.

Why did man's power to create more wealth breed, in the earlier decades of the nineteenth century, not well-being but misery for the slaves of the new industrial order and for the agricultural workers, who fared fully as ill? More goods—far more—were being made with the aid of the new machines, and the facility with which these goods could be transported from producer to consumer was being rapidly increased. Somebody must surely have reaped the benefit of this enlarged production. Somebody must have consumed the goods. Somebody must have been better off when so many were manifestly worse off, in a material sense as well as in every other.

Of course somebody was better off. Vast fortunes and small fortunes were being acquired all over the industrial districts by men who had made themselves the masters of the new means of production; and there was also in progress a very rapid increase in the numbers of the professional and other middle-class groups. Limited bodies of skilled artisans were also doing relatively well; and landlords—especially those who owned property in spreading urban areas or in the coalfields—were reaping rich rewards for their “abstinence” in not “consuming” their lands, instead of putting them out to hire. Moreover, supplies of cheap cotton goods were being rained upon consumers all over the world, though not as an unmixed blessing to the recipients, whose native industries were being undermined. The increased output of goods was being consumed by somebody; but the workers directly engaged in their production were not the beneficiaries.

Again, why not? Why did not wages and earnings, measured in terms of their power to command the necessities of life, rise in the factory districts so as to give the factory workers a share in the fruits of their own productivity? The first and most obvious answer is that factory labour was plentiful and competition among the employers intense. Labour was plentiful, partly because total population was rising at an unprecedented rate, and partly because the agricultural areas were sending “surplus” labourers in large numbers to join the ranks of the urban proletariat. It was plentiful, further, because the new factories were great employers of children, and the rapid rise of population meant that children formed an exceptionally high proportion of the total. The low wage at which an abundant supply of child labour could be engaged had a powerful effect in depressing the wages paid to adult workers, unless they were highly skilled.

The other factor in keeping wages low was the intense competition among the employers themselves. It was easy in those days to set up a small spinning or weaving business, often by renting a room or two in a factory building and hiring power from its owner; and the countless small firms which started in this way were usually in cut-throat competition for orders. No matter how large the total

market for textiles was there was a scramble to supply it; for new firms started up in hosts to meet an expansion of demand. These small businesses were, no doubt, on the average a good deal less efficient than the larger firms; and they could compete only by keeping their human costs low. The plenty of "hands" enabled them to engage labour at starvation rates and to scramble for orders from the merchants at cut prices. There were among these small firms numerous failures and bankruptcies, forcing the unsuccessful aspirant to the status of a capitalist back into the ranks of the working class. By no means all the pushing capitalists of the Industrial Revolution acquired fortunes. A great many of them went to the wall, and those who survived had been scorched by the heat of the competitive contest, and had mostly shed a large portion of their humanity in the effort to make good.

This early capitalism was planless, intensely individualistic, and blind. No man knew what his neighbour was doing, or was in a position to adjust his projects to those of others so as to meet the needs of the market in an orderly fashion. No one knew much about the market conditions—except perhaps the merchants; and it was to their interest to keep the scramble among the manufacturers in being because it helped them to buy cheap. Consequently this new world of machine production was a world of prodigious economic fluctuations—not merely of cyclical ups and downs spread over years, but of rapid alternations of activity and depression even within a few weeks as the market became now glutted and now under-supplied. As a large part of the output of the new factories was exported to distant markets dependent for the means of payment chiefly on harvest yields, crop variations were one important factor in the economic uncertainty of the times. Some of the big, well-established firms, with close connections with merchants and with markets overseas, were able to keep up a relative regularity of production and employment; and these firms on the whole treated their workers better than the others and provided the small group of employers who fought for factory regulation and were prepared to bargain about wages with their employees. The cynic might say that they stood to gain by any law that would compel the lesser firms to pay better wages and work shorter hours, because they would be in less danger of being undercut. But I think genuine humanity played a part in their attitude. Employers who felt secure from being crushed by the weight of the competitive struggle were more likely than others to open their eyes to the misery of those whom they employed, and to be ready to treat the workers better, provided that their fellow-employers were forced to do the same.

The competitive conditions of the times had another effect which also made strongly against the improvement of wages and conditions. Techniques of production were rapidly advancing; and in the factory

trades a business could not survive merely by standing still. It had, in order to produce at a competitive price, to be steadily improving its efficiency by installing new machines and continually increasing its output in order to maintain a size compatible with production at low cost. This meant, as the employers themselves had usually no spare capital to invest apart from what they made in current profits, a necessity for ploughing back continually into the business as high as possible a proportion of the receipts. Many of the employers were, in fact, what Nassau Senior called them—men of “abstinence” who refrained from expanding their own standards of living as their profits rose in order to put every penny they could spare back into the business and thus enlarge its scale and keep it constantly up to date. Such employers, who refrained in the interests of capital accumulation from consuming their own incomes, were not likely to look favourably on demands for wage advances; for they tended to regard every wage payment as so much withdrawn from use in the business for the expansion of its productive power. Abstinent themselves, they were for the most part very ready to enforce abstinence on those further down the social scale, and to justify their conduct by referring to the thriftlessness of the workers, who would only spend on consumption (and quite likely on gin or gambling, those twin drugs of the poor) any additional wages that might be allowed them, to the manifest detriment of Great Britain’s commercial advancement and of the increase in the national wealth.

It must be borne in mind that it was at this time very difficult for the ordinary small capitalist to raise funds from outside for the development of his business. Joint stock companies existed, but until 1855 companies engaged in ordinary processes of manufacture could not obtain the privilege of limited liability; so that anyone who invested money in them became liable for their debts if they failed even to the extent of all he possessed. This was not the case with railways, gasworks, or waterworks, which usually obtained their powers by private Act of Parliament, including limited liability for their shareholders. But ordinary manufacturers could not afford to promote private Parliamentary Bills, nor would Parliament have passed them if they had been brought forward. Limited liability was still regarded as a privilege to be reserved for enterprises which had, from their very nature, to be conducted on a large scale, and were, besides, in the “public utility” sphere. The small manufacturer could only borrow, when he could find anyone ready to lend, or take in partners, when he could find any willing to run the risks. In default of such helpers he had to expand his business out of his own savings, including what he could scrape out of his workers by keeping wages low and driving them hard through a working day which was almost intolerably prolonged.

In the years after 1850 these conditions rapidly changed. The railway building of the 'thirties and 'forties, the improvements in shipping, and the consequent opening up of fresh areas for trade, brought with them a huge expansion of the total market. The restrictions on the formation of joint stock companies were removed, and after 1855 limited liability was made open to all who asked for it. Capital began to flow plentifully into manufactures by way of investment out of the savings of the upper and middle classes; and there was soon no longer the same need for the general run of capitalists either to be fiercely "abstinent" themselves or to force the practice of "abstinence" upon their workers with the same ferocity as before. At the same time the gold discoveries in California and Australia supplied the world with a new source of currency which tended to raise prices; and the effect was to make bankers much more liberal in granting credits and business men much more optimistic in taking advantage of them. Unemployment sharply decreased, and in general work became much less irregular than it had been in the 'forties; and for the workers the effects of higher prices for most goods were offset by the fall in the relative price of bread which followed the repeal of the Corn Laws in 1846. By the time the Rochdale Pioneers had fairly surmounted their early difficulties the road ahead of them had become comparatively smooth. There were many more workers who could just afford to save a little out of their weekly wages and yet consume more than they had previously been able to buy. The conditions were favourable to a rapid growth of Co-operative trade accompanied by a steady accumulation of Co-operative capital out of dividends on purchases. Previously there had been no such secure basis: purchasing power had been too low, saving power barely existent except for a favoured few, and employment so intermittent that often, where savings were made, they were swept out of existence at the next depression.

Engels, in his book on *The Condition of the Working Classes in England in 1844*, has given a picture of the state of industrial Lancashire at the very time when the Rochdale Pioneers set up their store; and Mrs. Gaskell, in *Mary Barton*, and a number of other storywriters have presented in the form of fiction a realistic account of the living conditions of the factory workers. It may be said that Engels was a Socialist agitator eager to pick out the black spots, and Mrs. Gaskell a novelist wishing to heighten the impression in order to play on her readers' feelings. Let those who suspect this turn from Engels and Mrs. Gaskell to the sober pages of the Reports in which Edwin Chadwick and his collaborators set down, for the same period, their record of *The Sanitary Condition of the Labouring Population* and *The State of Large Towns and Populous Districts*, or to the monotonous horrors of the evidence tendered to the Royal Commission on the Health of Towns. All these belong

to the early 'forties, and all tell a tale which confirms Engels at every essential point; indeed, he drew largely upon such of these official documents as had appeared when he was writing by way of reinforcing the knowledge he had gained by personal observation. Living in Manchester, and personally engaged in the cotton trade as representative of a German firm, he had ample opportunities for seeing what conditions were; and there are a host of corroborative witnesses to his reliability.

What, then, did Engels see? He summed up his impression of living conditions in Manchester in these words:—

“We must admit that 350,000 working people of Manchester and its environs live—almost all of them—in wretched, damp, filthy cottages; that the streets which surround them are usually in the most miserable and filthy condition, laid out without the slightest reference to ventilation, with reference solely to the profit secured by the contractor. In a word, we must confess that in the working-men's dwellings of Manchester, no cleanliness, no convenience, and consequently no comfortable family life is possible; that in such dwellings only a physically degenerate race, robbed of all humanity, degraded, reduced morally and physically to bestiality, could feel comfortable and at home.”

That of the houses. Engels, after describing the wretched clothing unfit to keep out the cold or rain, goes on to speak of the food. He cites the continual prosecutions of traders and hucksters for selling adulterated or tainted and poisonous goods, and sums up as follows:—

“The habitual food of the individual working man naturally varies according to his wages. The better-paid workers, especially those in whose families every member is able to earn something, have good food as long as this state of things lasts: meat daily, and bacon and cheese for supper. Where wages are less, meat is used only two or three times a week, and the proportion of bread and potatoes increases. Descending gradually, we find the animal food reduced to a small piece of bacon cut up with the potatoes; lower still even this disappears, and there remain only bread, cheese, porridge, and potatoes, until on the lowest rung of the ladder, among the Irish, potatoes form the sole food. As an accompaniment, weak tea, with perhaps a little sugar, milk, or spirits, is universally drunk . . . But all this presupposes that the workman has work. When he has none he is wholly at the mercy of accident, and eats what is given him, what he can beg or steal. And, if he gets nothing, he simply starves, as we have seen. The quantity of food varies, of course, like its quality, according to the rate of wages, so that among ill-paid workers, even if they have no large families,

hunger prevails in spite of full and regular work; and the number of the ill-paid is very large . . .

“ Thus the working class of the great cities offers a graduated scale of conditions of life; in the best cases a temporarily endurable existence for hard work and good wages—good and endurable, that is, from the worker’s standpoint; in the worst cases, bitter want, reaching even homelessness and death by starvation. The average is much nearer the worst case than the best. And this series does not fall into fixed classes, so that one can say this fraction of the working class is well off, has always been so, and remains so. If that is the case here and there, if single branches of work have in general an advantage over others, yet the condition of the workers in each branch is subject to such great fluctuations that a single working man may be so placed as to pass through the whole range from comparative comfort to the extremest need, even to death by starvation, while almost every English working man can tell a tale of marked changes of fortune . . . ”

The tremendous fluctuations of industrial activity were, indeed, a very fruitful cause of misery, and in this respect “ The Hungry ’Forties ” were worst of all. Trade depression had set in during 1836, leading on to the serious crisis of 1837. From this crisis there was no considerable recovery for the next six years, depression being continuous until 1843. In 1844 there was some improvement, and 1845 and most of 1846 were much better. But advance gave place to a renewed crisis in 1847, and thereafter depression continued until 1849. Only in 1850 did there begin a new period of trade prosperity accompanied by a substantial improvement in employment and in the conditions of life. Between 1836 and 1849—a period of 14 years—there were two years of serious crisis, nine more of depression, one fair year, and only two years of reasonably good trade and employment. This period of terrible suffering was that during which the Chartist Movement ran its course; and in the same period the modern Co-operative Movement began. The year 1844, when the Rochdale Pioneers opened their store, is the year here characterised as “ fair.” Luckily for them it was followed by the only two years that can be described as “ good ”; else, quite possibly, the Toad Lane Store, despite the good sense and enthusiasm of its founders, might have gone the way of so many others. Conditions stayed good just long enough for it to take root; and the ensuing depression, coming before the upswing of 1850, was just not long enough to kill it.

In an ensuing chapter I shall try to relate these general conditions of “ The Hungry ’Forties ” more closely to the position in Rochdale itself, and to the circumstances of the Pioneers. At this point I am dealing only with the general background. It should be observed

that these were the years in which, over and above the adversities of trade, the helplessness of the working classes in bad times reached its worst. Up to nearly the end of the 'thirties the old Poor Law had remained in force in most of the manufacturing districts, and it had been impossible for the new Poor Law Commissioners to enforce their policy of a ban on outdoor relief to the able-bodied. The Poor Law had served as a form of unemployment relief in times of serious distress, though it had not, in the North of England, been used to subsidise the wages of persons in regular work. There were, generally speaking, in the North no "Speenhamland" scales of outdoor relief providing a bare subsistence living out of the rates. But there was, for the destitute who could not find work, a recourse to the parish authorities; and large sums had been paid out in this way in many areas when trade was bad. By the 'forties, except in a few places where the new Poor Law with its Boards of Guardians was still being successfully defied, the Commissioners had installed the new system, and outdoor relief, at any rate for the able-bodied, was no longer to be had. If they were destitute they could go to the workhouses, to be separated from their children and their wives and to have such self-respect as remained to them knocked out by measures designed to deter them from a poverty which they had no means of escaping. If they rejected the workhouse they could starve, unless they had friends or relatives who could see them through. Society, having made its offer of the workhouse, repudiated all further responsibility. If they chose to starve it was their own doing; and some of them did actually starve, while many more "clemmed" and waited wretchedly in destitution for the return of better times.

Where competition among employers was ruthless and uncertainty of income almost universal among the workers, it was not to be expected that shopkeepers could afford to be generous. They, too, were competing ruthlessly in a fluctuating market, and if some of them made fortunes, many failed. If they refused credit they were bound to lose customers who, in face of uncertain earnings, were forced to rely on credit when times were bad. If they gave credit there were certain to be many bad debts; and prices had to be raised or goods adulterated in order to cover the risk of these debts. The "tommy shops" or "truck shops" attached to particular firms were most prevalent in the coalfields or where industry was carried on remote from towns. Many of these were simply predatory—devices whereby the employer, or some foreman under his authority, deliberately exploited the poor. In the larger towns the major evil was not the "tommy shop" but the "badger"—the credit-giving tradesman who covered his risks by charging high prices to those who were in his debt or by supplying adulterated goods. These "badgers" were not necessarily worse men than

their neighbours; indeed some of them knowingly out of sheer pity incurred bad debts. But they could afford to be generous on occasion only by being the reverse in their dealings with the rest of their customers, for how else were they to survive?

The hatred of credit in the hearts of many of the early Co-operators was based on bitter experience of this kind of trading. It led, they saw, to adulteration in forms harmful and dangerous to health; to the tying of the workmen to a particular trader by a perpetual burden of debt; to thriftlessness on the one side, and to cheating and cozening on the other. Yet if the Co-operative shops refused all credit how were they to meet the needs of those who were left temporarily destitute by lack of work? It was a difficult choice; and in practice many Co-operative Societies were induced to allow credit when times were bad, and suffered for it in debts which were never recovered, either because the debtors moved to other districts in search of work or emigrated to America or Australia, or because they left the Society and there was no satisfactory means of proceeding against them. For the most part the successful Co-operative Societies in these early days were those which, despite all temptations on the score of humanity, set their faces steady against credit, and chose rather to lose members than to keep them at the cost of undermining the financial stability of the Stores.

The choice was hard, for the refusal of credit tended to limit the appeal of Co-operation to those whose lives were relatively secure, either because they were in the steadier jobs or because, even if not, their earnings when they were employed were enough to enable them to put something aside against adversity. Co-operation became perforce a movement mainly of the better-off and thriftier sections of the working class; nor has it ever wholly escaped this limitation, though with rising standards of life and developing social services the range of its appeal has become very much wider than it used to be. In the early days there were many who could not become Co-operators because in bad times they depended on credit, and in good times they were still tied to the tradesmen whose advances they were paying off or to whom they felt an obligation because their credit had not been cut off when times were bad. Co-operative loyalty is one thing, but there is another loyalty which often pulled men and women the opposite way.

Yet, under the conditions of "The Hungry 'Forties," the Co-operative Society which gave credit was taking a big risk of collapse. A Society which had established itself firmly, and had more capital than it knew how to use in its own business, could readily allow members to withdraw most of their invested savings in order to meet bad times; though when the bad times were general and lasted long withdrawals might endanger even a Society that seemed amply secured. So far most of the successful Societies were prepared to

go, but it was highly perilous to go further and to allow members to draw beyond the amount of their invested savings. The Societies had to be hard, and it was the less difficult to be hard because the temper of the times was hard and softness was not expected even in progressive quarters. As one reads the earlier histories of the Societies founded in the 'forties and 'fifties one is struck again and again by the evidences of this hardness, and has to remind oneself sharply that the Co-operators, if hard, were in most cases a good deal less hard than their environment. They had to establish their position as traders in a hard world and in face of many disadvantages; and in the environment of the mid-century they could not have succeeded if they had been tempted by the idealists in their ranks to run too far ahead of their trading competitors. Moreover, as they became successful more and more members joined them for the "divi." rather than from any appreciation of the Co-operative ideal; and the idealists on the committees had always to be mindful of what the Quarterly Meeting would say if they allowed their philanthropy to get the better of their commercial judgment.

In effect, the Consumers' Co-operative Movement grew up in an environment of a particularly nasty and unfeeling competitive struggle, the consequences of which it could by no means evade. Just as the Trade Unions of the mid-Victorian era were forced to behave largely as the representatives of a narrow class of skilled workers seeking a limited monopoly of this or that particular kind of labour, so the Co-operative Societies had, in practice, to modify their idealism and to rely mainly on enlisting the support of a particular kind of worker—the thrifty artisan whose circumstances were not such as to drive him at once below the poverty line whenever he lost his job. This explains the relatively slow growth of Co-operative membership, just as much as it explains the failure of Trade Unionism to reach down till nearly the end of the century to the level of the unskilled workers. It also explains the bitterness with which the private traders began to assail the Co-operative Movement as soon as it had become securely established. The Co-operative Stores took away from the private traders, not merely such and such proportions of their customers, but the best—those who paid most regularly and had most to spend—leaving them with the impoverished, the improvident, and the insecure.

In "The Hungry 'Forties" these contests were still to come. Co-operation was on too small a scale to arouse vehement hostility from the private traders or to offer any appreciable threat to the capitalist manufacturers of consumers' goods. Consequently it was welcomed as an agency for the promotion of working-class thrift more than it was attacked as a rival of capitalist enterprise. It had, as we shall see, on the whole an easy passage to legal recognition, and received many a pat on the back from big employers and from Whig

and Tory politicians who regarded Trade Unionism as their arch-enemy. John Bright, for example, could not abide Trade Unions or factory legislation; but he steadily befriended Co-operation as a means of making wages go further and of encouraging the workmen in habits of thrift and business sagacity.

The cotton and woollen districts of Lancashire and Yorkshire were, in "The Hungry 'Forties," among the hungriest areas in all Great Britain. In them the depressing influence of child labour on the wages of adults was at its worst and the internicine competition of employer with employer was at its fiercest. Conditions, however, were soon to change markedly for the better, above all in these homes of steam-power and the factory system. In 1847 the workers, after decades of struggle, secured at last the legal enactment of the ten-hours day; and though it took some time to enforce the concession against the recalcitrance of the employers, by the early 'fifties that battle had, on the whole, been won. There followed a rapid spread of recognition of the rights of collective bargaining and a development of stable Trade Unions of spinners and weavers openly negotiating standard wage lists with the more reputable firms. The status, as well as the wages, of the cotton and woollen operatives began to rise sharply after the bad times; and Lancashire and Yorkshire thus reached, ahead of most other areas, a state which made it possible for a Co-operative Movement to be built up on solid foundations of working-class capacity for self-government and self-respect. Gradually these conditions spread to other parts of the country, and the "Rochdale principles" travelled with them until the movement became nation-wide. In the 'forties it could not spread fast for lack of these assured foundations of success. It was, let me repeat, a fortunate accident for the Rochdale Pioneers that two years of good trade followed the opening of the Toad Lane Store; else possibly we might not now in 1944 be celebrating their centenary. Consumers' Co-operation would have come in any case when the conditions for it were ripe. But its progenitors might have been, but for that fortunate accident, not the men of Rochdale but those who, in some other town, had hit both on the sound business principles which Rochdale pioneered and on the lucky moment for beginning, and had thereafter shown the grit necessary for overcoming the initial setbacks and the common sense required for the stabilisation of initial success. Such qualities were not wanting in many other places. If Rochdale had failed, as well it might have done, we might instead of celebrating its centenary have had to wait for the Leeds centenary of 1947, or the Oldham centenary of 1950, or the Halifax centenary of 1951. But Rochdale did succeed by grit and good sense, mingled with good fortune, and that is what matters. The men of Rochdale weathered "The Hungry 'Forties," and the much less hungry 'fifties brought them their well-deserved reward.

II.

CO-OPERATION BEFORE THE PIONEERS

The Co-operative Movement of to-day, although it contains other elements, is predominantly a movement of consumers for the common purchase of the necessities of life. The foundation on which it rests is the network of retail Co-operative Societies to which, in Great Britain alone, belong about nine million individual members. These retail Societies have branched out into various forms of production and, what is vastly more important, have become federated in the great English and Scottish Co-operative Wholesale Societies, which, in addition to wholesale trading on a vast scale, have numerous well-equipped and successful factories for the production of Co-operative supplies. But the retail Stores are the basis on which this huge superstructure rests. Beside the consumers' Stores and the factories and warehouses of the Wholesales, the rest of the Co-operative Movement appears almost insignificant. The Societies of Producers, descendants of the "self-governing workshops" and "Union Shops" of earlier days, employed in 1939 only 21,500 workers, as against 243,700 employed by the retail Stores and 77,100 employed by the Wholesale Societies; and their total trade was valued at under £7½ million, as against over £55 million produced by the Wholesale Societies and a total Wholesale turnover of £165 million. The Agricultural Co-operative Societies were also on a small scale, with total sales of under £5 million* and a total membership of only about 140,000. To an overwhelming extent the modern Co-operative Movement in Great Britain is a consumers' movement resting on a solid foundation of retail trade in the necessities of life.

This is the form of Co-operation that has been developing steadily in this country ever since the Rochdale Pioneers opened their Toad Lane Store in the winter of 1844. But if, in 1844 or for some time afterwards, a well-informed Englishman or Scotsman had been asked to say what he understood by the word "Co-operation" he would most probably have answered in terms which would have described a movement very different in its fundamental ideas and objectives from the Consumers' Co-operation of to-day. Even if the question had been addressed to Charles Howarth or James Smithies or William Cooper, or to any of the founders of the Rochdale Society, the answer would certainly not have been mainly in terms of the benefits of mutual store-keeping. For Howarth and his fellow Pioneers store-keeping was but a means—one among a number of means—of forwarding the Co-operative ideal; and that ideal was the foundation of Co-operative Communities, or "Villages of Co-operation," in

* Excluding sales at Auction Marts, which are included in the official figures.

which the members could live together on their own land, work together in their own factories and workshops, and escape from the ills of competitive industrialism into a world—a “New Moral World”—of mutual help and social equality and brotherhood.

This ideal, proclaimed by the Rochdale Pioneers in their original statement of their objects, had been preached for a generation by Robert Owen to the people of Great Britain and, in a rather different form, by Fourier and others to the people of France. Owen, himself a great manufacturer, had become for a time the prophet and leader of a great part of the British working class; and his followers had come to be called, almost indiscriminately, “Co-operators” or “Socialists,” and his “plan” for a “New Moral World” to be known as “Co-operation” or “Socialism.” The heyday of Owenism as a working-class gospel had, indeed, passed ten years before the Rochdale Pioneers opened their store; but in all the industrial districts there were still bands of faithful “Socialists” and “Co-operators” who continued to cherish Owenite ideals. The great days of Owenism had been from the middle ’twenties of the nineteenth century to the middle ’thirties. Those ten years, beginning with the repeal of the Combination Acts in 1824, had seen the rise of a nation-wide Trade Union Movement inspired largely by Co-operative and Socialist ideals and, side by side with it, a remarkable mushroom growth of Co-operative Societies of every sort and kind. What has been called “The Enthusiastic Period” had in the main ended with the sudden collapse, in 1834, of the Grand National Consolidated Trades Union formed only a year before; and the “Trades Union,” in its fall, had dragged down with it most of the Co-operative experiments which had been instituted all over the country during the preceding years. But a few had survived; and almost everywhere in the industrial areas the faithful Owenites had held together in little societies, under various names, to preach the Co-operative and Socialist gospel. In Rochdale, up to 1844, they were known usually as “the Socialists,” and their headquarters were at the “Social Institution” or “Socialists’ Institute”—names commonly adopted by the followers of Owen when they reconstructed their movement after the disasters of 1834.

In this chapter I shall attempt to give some account of this earlier Co-operative Movement which based itself largely on Owen’s teachings. It is, however, necessary at the outset to go back a good deal further—even to a period before Owen was born. For Robert Owen was not the inventor of Co-operation, though he first inspired it to become a national movement. Its beginnings in Great Britain go back to the middle of the eighteenth century; and its originators, as far as we know, were the workmen employed by the Government in the dockyards of Woolwich and Chatham, who, as early as 1760, had founded corn mills on a Co-operative basis as a move against the

high prices charged by the corn-millers who held the local monopoly. These early Societies speedily found themselves in conflict with the private bakers as well as with the millers; and when, in 1760, the Woolwich Mill was burnt down, the local bakers were accused of arson—a charge which they rebutted in a statement sworn before the Mayor. To this burning we owe our knowledge of this early Co-operative mill, and also of the mill at Chatham; for we are informed that “the late Accident of burning down the Shipwrights’ Mill at Woolwich has put the Shipwright Bakers here [at Chatham] upon their Guard, and all necessary precautions are taken to preserve their Mill from the like Fate, and especially to prevent any malicious Design.”*

The dockyard shipwrights, then, were the pioneers; and Co-operation, as far as we know, began with flour-milling and baking. The Woolwich men may or may not have had a bakery as well as a mill: the Chatham men clearly had.

There were more Co-operative corn mills when the outbreak of the French Wars led to a sharp rise in the price of bread. The workmen of Hull built themselves a Co-operative mill—known as the “Anti-Mill”—which, projected in 1795, began to produce flour two years later. The Barham Downs Mill of 1796 was not strictly a Co-operative venture, being financed by gentry for the benefit of the poorer classes; but there was a second Co-operative mill at Hull—the Hull Subscription Mill—in 1801, and from Hull the movement spread to Beverley and as far as Whitby, where a “Union Mill” was erected in 1812. Sheerness, in Kent, started a bakery—the Sheerness Economical Society—in 1816, and this developed later into a general Co-operative Store. Devonport set up its “Union Mill” the following year. There were almost certainly others of which the records have been lost; for historians did not trouble to chronicle such insignificant events.

Where Co-operative store-keeping, as distinct from milling and baking, began it is impossible to say. The first recorded case, as far as I know, is still that of the Weavers’ Society at Fenwick, in Ayrshire. They began to trade by clubbing together to buy necessities as early as 1769; and a second group of Scotsmen—the Govan Victualling Society of 1777—takes precedence over the earliest known English Co-operative Store—the Oldham Co-operative Supply Company of 1795. Then came Scotland again, with the Bridgeton Society of 1800, the Lennoxtown Co-operative Society of 1812—reputed to have adopted the method of dividend on purchases long before Rochdale was heard of—and the Larkhall Victualling Society of 1821.

These were among the pioneers—the pre-Owenites of British Co-operation. Producers’ Co-operation—the self-governing group

* *Whitehall Evening Post*, March 22-25, 1760, cited by Redfern, *New History of the C.W.S.*, p. 6.

of workers—also had its forerunner in the eighteenth century ; for the Birmingham tailors are said to have set up a Co-operative Society in 1777.

These beginnings, however, were not followed up, and never constituted a movement. They were, except the Corn Mills, isolated experiments; and no one knows now who inspired most of them. If they had become widely known there would probably have been many more attempts at Co-operative trading during the Napoleonic Wars, when soaring prices and scarcity pinched the workers hard. Actually, it was only after the wars were over that Co-operation began to take shape as a movement as one of the reactions of the working classes to the prodigious economic upheaval which we call the "Industrial Revolution," and as part of the great unrest which kept Great Britain from the 'twenties to the 'forties in a condition of perpetual class conflict and labour unrest.

It was, indeed, the distress which followed the wars that brought Robert Owen forward with his ambitious plans for the reorganisation of the social system. In 1799 Owen, after creating for himself a good position as a master cotton spinner in Manchester, bought from David Dale the great cotton mills at New Lanark, on the Clyde, founded by Dale seventeen years earlier in partnership with Richard Arkwright. At New Lanark Owen proceeded to work out in practice certain social ideas which he had already formed in his Manchester days. He was in rebellion against the notion that the shortcomings of the workers could rightly be attributed to any moral fault in them. Men's characters, he argued, were formed for them by their environment ; and the evils which moralists found in the poor were due to the degrading conditions under which they were forced to live and work. Give men a better environment, and they would respond to it by becoming better workers and better men. Accordingly Owen set out to make a thorough reformation of conditions at his New Lanark Establishment, where he was in effect a despot, owning land, factory, houses, everything, in a big factory settlement placed a mile away from the old town of Lanark, and dependent for power, till the advent of the steam-engine, on the waters of the Clyde. The site was one of great natural beauty, and Owen set out to make the most of it. He acquired the house and grounds where Lord Braxfield, the notorious judge who sentenced Thomas Muir and his fellow-Radicals in 1793, had previously lived. He threw the grounds open to the workers, built new houses and improved the old ones, erected new schools, started a shop at which unadulterated goods were sold at low prices, cultivated land for the supply of vegetables, reduced working hours, and increased wages. When the mills had to be closed owing to the interruption of trade by the war, instead of dismissing the workers he continued to pay their wages. And in spite of these things, or because of them, he continued to make good

profits, and acquired a reputation all over the world as "the philanthropic Mr. Owen" who had solved the problem of running his mills at a profit without reducing his workers to misery or slavery. Famous people came from many countries to visit the New Lanark mills—a Russian Grand Duke among them.

Owen, however, aspired to be much more than a good employer in any ordinary sense of the term. For one thing he believed that capital ought to be content with a limited dividend, and that all surplus profits ought to be applied to the benefit of the workers. In pursuance of this view he had to buy out two successive sets of partners who did not agree with him, and to find new partners who would let him have his own way. He found them, including Jeremy Bentham the famous reformer and William Allen the Quaker philanthropist: and with this backing he proceeded to put more of his ideas into practice. In 1816 he opened at New Lanark the Institution for the Formation of Character—a pioneering effort in the field of adult as well as juvenile education. He carried out to the full his principle of limiting the return on the invested capital, and opened his schools and other social facilities to the people of Lanark generally as well as to his own employees. At the same time he was drawn by the widespread distress which followed the advent of peace into wider public affairs, and began to envisage what he had done at New Lanark as pointing the way to a means of dealing with the pressing social and economic problems of the time. In 1816 he gave evidence before the Committee appointed by the House of Commons to consider remedies for the prevailing distress; and in the same year, rebuffed by Parliament, he appeared with his "plan" before the privately sponsored Association for the Relief of the Manufacturing and Labouring Poor, of which the Royal Dukes of Sussex and Kent were patrons and the Archbishop of Canterbury chairman.

In order to understand the genesis of Owen's "plan" it is necessary to realise the conditions under which the factory system had been developing during the thirty or so years that preceded its formulation. In the earlier phases of the Industrial Revolution the new textile factories depended chiefly, not on the steam-engine, but on water-power. Their promoters had consequently to go where water was to be had for driving the wheels; and this led not to a concentration of industry in towns but to its diffusion along the banks of streams, especially where a natural fall of water could be had or where a river could be dammed to supply power. The manufacturer who had to build up a large establishment under these conditions had to gather his workers together from a distance, often to a place in which there were neither houses to receive them nor shops to supply their needs. The early factories used much juvenile labour; and in order to meet their needs there developed a system of indentured parish apprenticeship under which pauper children

from the towns—especially London—were apprenticed *en masse* to factory owners who agreed to house, feed, and employ them. Owen found this system of pauper apprenticeship in force at New Lanark when he acquired the mills and promptly abolished it, substituting the juvenile labour of his own adult workers' children and of children from the old town. He was compelled to look after the housing of his employees, to open a shop for them, and to supply education, because there was no other source from which these needs could be met. Many other big employers, much less moved than he by philanthropic motives, were doing the same things.

Gradually, as steam-power replaced water-power and it became possible to set up factories in or near towns and to base their working on coal instead of water, the need for this sort of patriarchal establishment grew less, and the employers left it to others to see to housing, schooling, and the conditions of living outside the factory hours. But in many places the old conditions lingered on, and the employer or his nominees continued to be responsible, for good or ill, for houses, schools and shops, as well as for the terms of employment.

Such conditions were very liable to abuse at the hands of employers less benevolent than Robert Owen. In particular they led to the abuses of the "truck" system and the "tommy shop" whereby many workers were forced to buy their supplies at shops run for profit by foremen or managers in the mills or mines, and had to buy at high prices adulterated goods and in bad times to sink deep into debt to these shopkeepers so as to become tied to the service of the employers under whose auspices the "tommy shops" were conducted. The revolt against "truck" was one great force that went to the making of the Co-operative Movement, especially after the Truck Act of 1831 had made it unlawful for employers to pay wages in kind or in tickets that could be used in making purchases only at a particular shop. Even apart from this, "truck" in its grosser forms died out rapidly as industry became concentrated in towns where there were rival shopkeepers and as workers could shift more easily from one employer to another. "Truck" persisted, however, in many of the mining areas and in factories in isolated districts. It was especially bad in South Wales, where big areas were owned entirely by the coal and iron firms, and in the remoter districts of the industrial North.

Owen's shop at New Lanark was not a Co-operative Store but a part of the firm's business; and New Lanark as a whole was an example not of industrial democracy but of benevolent autocracy. What Owen's success showed was that it was not necessary in order to make a profit to grind down the workers by low wages or prodigiously long hours of labour, or by other oppressions which were common in his day; and Owen came to believe firmly that the methods which he had used were capable of general application so as to do away with many of the evils of the factory system. In

a pamphlet, *Observations on the Effects of the Manufacturing System*, published in 1815, he denounced the evils of long hours of employment in insanitary mills ; and from 1815 to 1819 he busied himself with a crusade to get Parliament to pass a law regulating factory conditions. With the aid of Sir Robert Peel the elder—father of the statesman who repealed the Corn Laws—he at length succeeded in getting an Act passed in 1819 ; but it applied only to cotton mills, whereas he had wished it to be applied to all the textile trades, and his appeal for the appointment of inspectors to supervise the execution of the law was ignored. Moreover, whereas Owen had wished to forbid all employment under ten years of age, the Act fixed nine as the minimum age, and even this, in the absence of any register of births and of effective inspection, could not be enforced. Owen had wanted a working day of ten-and-a-half hours for all workers under eighteen years of age : the Act allowed twelve hours for those under sixteen and imposed no limit beyond sixteen. Owen had wanted to abolish night-work for juveniles and to enforce education ; but Parliament and even the sponsors of the Bill would not stand for so much. Before the Bill had got far Owen had given up hope and had turned to wider projects of reform.

Owen's exposition of his wider views had indeed been begun earlier with the publication in 1813 and 1814 of his *Essays on the Formation of Character*, later republished as *A New View of Society*.^{*} In these essays he set forth in full his view that " man's social character is made for him and not by him," and pleaded for a thorough reformation of the industrial system. In 1817, following the failure of his appeals to Parliament, he came before the public with a series of addresses at the City of London Tavern in which he set forth the essentials of his " plan " for the employment of the poor in " Villages of Co-operation," reproducing many features of his New Lanark Establishment and destined in his view to provide a new model for the organisation of society and the production of wealth. In substance what Owen urged was that the State and the parish authorities, instead of doling out money or relief in kind to keep the unemployed in idleness, should supply capital for the establishment of " Villages of Co-operation " in which they could provide for their own needs. Some of these villages were to be mainly industrial like New Lanark ; others mainly agricultural, cultivating the soil by intensive " spade husbandry " aided by scientific manuring and cropping ; others mixed between agriculture and industry. There could be, Owen held, no want of markets for the disposal of their goods ; for what each settlement did not need to consume it could exchange with others.

This " plan," put forward primarily as a means of giving useful employment and the means of living to the unemployed, was in

^{*} For this and other essential writings of Owen, see the volume which I have edited in Everyman's Library, entitled *A New View of Society and other writings*.

Owen's own mind much more than this. He conceived that if his idea were taken up its success would be so striking that before long all Great Britain, and indeed the entire world, would be covered by "Villages of Co-operation," each self-governing in its own affairs and making up, in association with other villages, such simple government as countries and the world as a whole would need. This was Owen's "New Moral World" based on the principles of Co-operation and human fellowship, which he believed would speedily supersede the "old, immoral world" of competition and exploitation and usher in a millennium of universal benevolence and content.

With denunciations of the factory system and of capitalist competition Owen, in his addresses of 1817, combined a denunciation of the pernicious influence of all the recognised religious sects. All the established religions, he contended, were fundamentally wrong because they preached the doctrine of human responsibility for evil, and therefore blamed men for being evil, instead of recognising that the source of social evil lay in the bad environment to which men were subjected. All social relations, he argued, were poisoned by this evil environment and by the mistaken insistence on individual reformation; and he delivered a frontal attack on all the churches as the upholders of the "old, immoral world." This naturally made him countless enemies among the powerful; but in spite of his views on religion he was listened to for a time as a great employer and philanthropist whose positive achievements could not be gainsaid. Deputations from Poor Law bodies visited New Lanark to report on his work there; and in 1821 Owen himself set forth his views at length in his *Report to the County of Lanark*—the best and fullest exposition of his social views.*

That Owen could command so much attention is largely explained by the state into which the English Poor Law had fallen by the end of the Napoleonic Wars. In most of the agricultural areas there had grown up a system—known as the "Speenhamland System" from the place of its origin in 1795—under which, instead of letting wages rise to meet the rising cost of living, the Justices of the Peace fixed scales of parish relief varying with the price of bread, and supplements were paid out of the parish rates in accordance with these scales, including allowances for children and other dependants. This system was not applied in most of the industrial areas; but there grew up in them a practice of paying parish relief on a similar basis in bad times to the unemployed and the under-employed. In many of the agricultural counties the position was made worse because cottage industries were fast disappearing with the growth of the factory system, and there appeared local surpluses of workers whom no one was willing to employ even at the low wages which prevailed. These unfortunates were maintained by the parishes and sent as

* This Report is included in the *Everyman* volume previously mentioned.

“roundsmen” to work for the local farmers or used for such jobs as the maintenance of highways at semi-starvation rates of relief. No one could defend these practices; but they remained in force because no one could see how to do away with them once they had become deeply rooted. When the war ended and prices fell, the burden of the poor rates was felt much more heavily than before; and Owen’s claim that he had found a way whereby the maintenance of the poor would cease to be an oppression to the payers of rates and taxes fell on ears very ready to listen. Consequently even his denunciation of all the religions was not at once enough to scare away influential support; but the more Owen explained his “plan” the more evident it became that he was proposing, not simply a way of cheapening the provision for the poor, but a complete change in the social system and an abolition of profit-making capitalist enterprise. The influential persons who had been prepared to give Owen’s views a sympathetic hearing as long as they seemed to be confined to measures for dealing with the post-war distress soon dropped away; and it seemed as if nothing would come of them—the more so because the more Owen talked the more embracing and millennial his “plan” became. Presently, convinced that nothing would be done to give effect to it under the polluted conditions of European civilisation, he departed to America to try out his ideas in the unspoilt atmosphere of the New World. There he addressed the President and the full Congress of the United States on his ideas, and after lecturing in many parts of America bought the religious settlement of New Harmony, in Indiana, from a sect of German religious emigrants called “Rappites,” and proceeded to establish a “Village of Co-operation” such as he had wished to set up in Great Britain.

This is not the place for following out the history of New Harmony, which passed through many troubles during the years after Owen acquired it in 1825. Started as a Co-operative Community based on common ownership and common sharing in the fruits of collective labour, it split and split again, to settle down finally into an agricultural colony in which the land was owned and tilled by individual farmers and only certain communal buildings and amenities survived as relics of its original character.*

Even before Owen bought New Harmony his disciples had become active in Great Britain. In 1820 George Mudie, editor of the *Sun* newspaper, in association with a group composed mainly of London printers and including Henry Hetherington, later famous as the publisher of *The Poor Man’s Guardian* for his part in the hard struggle for the Freedom of the Press, put forward a “plan” for a Community. Mudie’s “plan” was only in part derived from Owen, whose views on religion he did not fully share. He proposed that

* For a fairly full account of New Harmony, see Frank Podmore’s *Life of Robert Owen*. It is briefly dealt with in my *Life of Robert Owen*, chapter XIV.

he and his fellow-printers and journalists should club together to acquire premises where they could live as a Community and carry on their trades for their common benefit. The following year the proposed Community was actually begun, and Mudie and his friends printed and published in 1821 and 1822 the first Co-operative journal, entitled *The Economist*. Their society, the London Co-operative and Economical Society, was the first known Co-operative venture in the London area and the first anywhere to embody a defined social gospel. It soon found a successor of a less ambitious sort after the experiment of living together in community had been given up. *The Economist* was succeeded in 1823 by *The Political Economist and Universal Philanthropist*; and in 1824 a second London Co-operative Society made its appearance in Burton Street, near King's Cross, which was to be a centre for much Owenite propaganda during the following years.

There were soon larger schemes afoot. In 1823 Abram Combe, brother of George Combe, the phrenologist, published a book called *Old and New Systems* in which he proclaimed his conversion to Owen's social views as set forth in the *Report to the County of Lanark*. Under Abram Combe's leadership a "Village of Co-operation" was started at Orbiston, in Lanarkshire, on land belonging to a Mr. Hamilton, of Dalzell, who with other notables had been converted by the *Lanark Report*. These notables in 1822 were collaborating with Owen in a body called the British and Foreign Philanthropic Society, which proposed to start an Owenite Community near Motherwell. But this scheme fell through, and Owen, as we have seen, transferred his attentions elsewhere. It was left for Combe and Hamilton to revive the idea, and in 1826 the Orbiston Community began in a huge building specially erected to receive it.

Several hundred persons took up residence at Orbiston. Mudie, leaving London, invested all he had—about £1,000—in the new settlement; Alexander Campbell, soon to be an outstanding figure in the Scottish Trade Union and Co-operative Movements, settled there and took charge of managing the boys and, largely, running the iron foundry which was the most successful industrial part of the establishment. After the initial troubles had been got over the Community seemed for a time to be doing well. Combe supplied capital lavishly; a scheme of communal living was worked out, and the members, who were left entirely to govern themselves, set on foot interesting experiments in education and decided to adopt a system of sharing based on equal payments per hour for persons of all callings. All seemed to be going favourably when in August, 1827, Combe suddenly died; and soon afterwards his brother, William, who was left in charge, evicted all the colonists and ordered the whole place to be sold by public auction. Those who had embarked their savings in it were left destitute; some, including

Campbell, found themselves in prison for debts incurred on its behalf. William Combe's action is said to have been due to pressure from creditors ; the whole of Abram Combe's fortune (he was a wealthy tanner in Edinburgh) had been lost in the enterprise.

So ended the second Co-operative Community ; but the promoters were undeterred. Mudie retained his faith in the principle ; Alexander Campbell remained an enthusiastic Owenite. Before long there was to be a third venture into Community-making ; but before Ralahine was founded there were other developments which gave Owenite Co-operation a somewhat different turn. The year immediately following the foundation of Orbiston came the establishment in Brighton, under the auspices of Dr. William King and William Bryan, first of the Brighton Co-operative Benevolent Fund Association and then, a few months later, of the Brighton Co-operative Trading Association. It may seem strange that Brighton, the fashionable watering-place and residence of George IV, should have been thus forward in accepting Owenite doctrines ; but the town was in fact very much to the fore in those days in many progressive movements. Dr. King, before he helped to found the Brighton Co-operative Movement, had played a leading part in establishing first an Infant School and then a Mechanics' Institute, as well as in promoting societies for mutual thrift. He was known locally as "the poor man's doctor," and was for many years a close associate of Lady Byron, who proved herself again and again a staunch friend of the Co-operative Movement in its early days. Brighton, on its enfranchisement in 1832, sent to Parliament George Faithful, Cobbett's friend and solicitor, as one of its first M.P.s ; and it was subsequently an active Chartist centre.

The object of the Brighton Society was to form a Co-operative Community of the same sort as Orbiston ; but it began in a more modest way with Co-operative store-keeping for the purpose of helping to build up a fund of capital. Its membership was almost wholly working class and was drawn from a variety of trades, and the promoters were soon declaring themselves able to undertake, as soon as they could get the chance, every sort of necessary production except the manufacture of textiles. The Society rented land and employed some of its members in growing vegetables for the Store, and for a time its ventures prospered. Several daughter Societies grew up in Brighton itself, and others were founded under its influence in Worthing, Findon, Tunbridge Wells, Canterbury, and Gravesend. But in 1830 Bryan, the treasurer, departed suddenly to America, and with Dr. King withdrawing owing to family difficulties the movement began to break up. It disappeared in 1832, and a few of its members, taking out their capital, bought a boat and set up as share-fishermen. The rest is silence.

The Brighton Society had, however, an indirect influence which extended far beyond what it immediately achieved. In 1828 it began to issue a small monthly journal, *The Co-operator*, written by Dr. King and devoted to a systematic exposition of the principles of Co-operation unmingled with the attacks on religion and the millennial pronouncements with which Owen was accustomed to season his advocacy. *The Co-operator* lasted for two years, and made its way all over the country with remarkable effect. Its influence far exceeded that of *The Co-operative Magazine*, which the London Owenites had issued in 1826 and 1827; and soon it was able to chronicle an extraordinarily rapid spread of Co-operative Societies in every part of the country. In its earliest numbers it recorded the existence of only four Societies—two in Brighton and one in Worthing, and the London Society which had transferred its headquarters from Burton Street to Red Lion Square. By the middle of 1829 it recorded seventy Societies, as well as a new recruit to Co-operative journalism, *The Birmingham Co-operative Herald*. By the end of that year it noted the existence of 130 Societies and the opening of the London Co-operative Bazaar at 19, Greville Street, Hatton Garden. Thereafter it gave up the task of enumeration; and in August, 1830, Dr. King brought it to an end,* stating, in the final issue, that the number of Co-operative Societies in existence exceeded 300. By that time several new Co-operative papers had entered the field—*The British Co-operator* and *The Associate* in 1829, and in 1830 *The Co-operative Miscellany* in London, *The Chester Co-operator*, *The United Trades Co-operative Journal* (Manchester), edited by John Doherty, the leader of the Lancashire Trade Unionists, and Alexander Campbell's *Herald to the Trades Advocate* (Glasgow), which became *The Trades Advocate* in 1831. In 1831 came also *The Lancashire Co-operator*, subsequently *The Lancashire and Yorkshire Co-operator*, edited by E. T. Craig, of Ralahine fame; and in 1832 *The Union Pilot and Co-operative Intelligencer*, issued by the Manchester adherents of the National Association for the Protection of Labour, John Doherty's *The Poor Man's Advocate*, a different William King's *Gazette of the Labour Exchanges*, and Owen's own *The Crisis*. In 1833 Campbell published *The Tradesman* and Birmingham produced its own *Labour Exchange Gazette*, while James Morrison, the Owenite leader of the Builders' Union, edited its organ, *The Pioneer*—the best of the bunch. These journals ran side by side with such more politically minded periodicals as Henry Hetherington's *The Poor Man's Guardian*, in which also much Co-operative information was to be found, William Cobbett's famous *Political Register*, and James Watson's *Working Man's Friend*. There was a tremendous outpouring of working-class and Radical journalism of every sort and kind.

**The Co-operator* has been reprinted in full in a volume, *Dr William King and The Co-operator*, by T. W. Mercer, where an account of the Brighton Movement is to be found.

These were, of course, years of high political excitement. In 1829, with Catholic Emancipation, began the series of political events which culminated in the passing of the Reform Act in 1832 ; and as long as this struggle held the centre of the stage the extraordinarily rapid growth of Trade Unionism and Co-operation went almost unnoticed in the general Press. It was, however, proceeding with ever-increasing momentum from the moment of the repeal of the Combination Acts in 1824. New Trade Unions were being founded throughout the industrial districts ; and Trade Unions which had hitherto disguised themselves as Benefit Societies in order to evade the law were coming out into the open. In 1829 John Doherty succeeded in organising the cotton spinners into a Grand General Union of the United Kingdom, covering Scotland and Northern Ireland as well as England ; and from this he went on to attempt the more ambitious plan of organising all the trades of Great Britain into a National Association of United Trades for the Protection of Labour, which spread from Lancashire over Yorkshire and the Midlands, and was the direct precursor of the still more ambitious Grand National Consolidated Trades Union of 1833-4. Doherty's National Association was indeed purely a Trade Union body ; but Doherty was himself an ardent Owenite, and spread the idea of Co-operative self-employment far and wide wherever the workers became organised. It became a common thing for strikers, in trades which could be carried on without much machinery, instead of folding their arms, to launch out in competition with their employers on schemes of Co-operative Production. The first known Co-operative Society at Rochdale, the Friendly Co-operative Society of 1830, was of this type. It was a society of flannel weavers arising out of the strikes of 1829 and offering to the public the products of the hand-loom weavers who had brought it into being with the aid of a few Owenite enthusiasts.

Many of the numerous Co-operative Societies that were founded during the late 'twenties and the early 'thirties were of this kind, either arising out of strikes or directly created by local groups of Trade Unionists who found their wages beaten down or employment impossible to get. Some of these Co-operatives were definitely sponsored by local Trade Societies ; and others were set up with the aid of Benefit Societies whose members were drawn from a single trade. In other cases little groups of workmen simply clubbed together without any formal backing and started Societies on their own. The name " Union Society " or " Union Shop " was frequently given to bodies of all these types. The name " Union Society " had been popularised by Dr. King's *Co-operator* ; but it did not originate with the Brighton Movement. " Union " was in fact a word then much in vogue to describe almost any sort of working-class movement animated by a social ideal. Combinations of Trade Societies of crafts-

men were coming to be called "Trade Unions," and combinations of such combinations "Trades Unions"; there were "Unions" for political reform, such as the National Union of the Working Classes, and "Unions" for Co-operative Production, such as the First Western Union Co-operative Society mentioned on page 71. The word "Union" did not mean specifically either "Trade Union" or what was meant by it in the pages of *The Co-operator*; it was a word in wide use with a strong tinge of idealistic meaning.

Side by side with these "Union Societies" and "Union Shops" there were Owenite or Co-operative propaganda Societies, formed as a rule with the purpose of establishing, or joining with others in the establishment of, thorough-going "Villages of Co-operation." Co-operative Stores arose usually out of Societies of this second type. They were founded, not mainly with the object of mutual trade, but rather with that of placing themselves in a position to employ their own members, and either consuming their own products or exchanging them for the products of other Societies having similar objects. It was thus easy for them to link up with the "Union Shops," for whose products they afforded an outlet, and to turn into "Exchange Bazaars" or "Equitable Labour Exchanges," which endeavoured to arrange for the swapping of the products of one trade for those of another. An individual member might bring the products of his personal labour to the Co-operative Society for sale or exchange; and so might a group associated in a "Union Shop." The Co-operative Society might rent a workshop or land and set some of its own members to work; but usually the ideal lying beyond all these partial endeavours was the establishment of an Owenite "Village of Co-operation" in which the members would dwell together in amity and pool the products of their common labour, with no capitalist to exploit them and no competitive system to spoil their morals or condemn them to the rigours of Malthusian or Ricardian economic practice.

There exists the bare record of a dozen or so Co-operative Societies formed between 1826 and 1828. Then comes a sudden leap. We know the names of over sixty Societies formed in 1829, and nearly fifty more in 1830, besides a great number formed about that time for which an exact year of origin cannot be given. Another dozen are known to date from 1831, and another thirty from 1832; and there must have been many more of which no mention has survived. Altogether we know by name over 250 Societies formed between 1826 and 1835—the ten years during which Owenite Co-operation chiefly flourished. These Societies were widely scattered about the country—from Aberdeen and Belfast and Dublin to Brighton and Southampton and Exeter. Only Wales seems to have been practically untouched. The largest numbers were in London, where we know of over fifty Societies, in Lancashire and Yorkshire, and in the East

Midlands and round Birmingham. But there were also Societies in Norwich and Ipswich, in Cambridge and Oxford, in Cumberland and in Cornwall, in the Potteries and on the North-East Coast; in fact in every industrial area outside Wales and in nearly every considerable town.

It is to be observed that the growth was most rapid, not after the termination of the Reform struggle, when the Owenite Trade Union Movement reached its height, but in 1829 and 1830, when the struggle for Parliamentary Reform was only beginning. It would be tempting to suggest that the working classes were to some extent diverted from their ardour for Co-operation by their zeal for Reform, and that the two movements were to some extent rivals for popular support. But there is no evidence for this view. Trade Union activity began to leap forward about 1830, and continued to grow with increasing momentum up to 1834, irrespective of the phases of the Reform struggle: and Trade Unionism and Co-operation were at this stage too closely connected for politics not to have affected the one if it affected the other. I fancy what happened was that after 1830 there were fewer Co-operative Societies being formed because there were more Trade Unions and Trade Union branches which regarded Co-operation, in the "Union Shop" form, as part of their appointed function, and that Co-operative store-keeping suffered something of a setback when United Trades Committees, based on the local Unions and Union branches, became the fashion.

The histories of Trade Unionism and Co-operation during these critical years are so intertwined that it is impossible to recount them separately. In 1829, while in the North Doherty was organising his Grand General Union of Cotton Spinners and preparing to base on it his wider National Association of United Trades, the Owenites in the South were forming the British Association for the Promotion of Co-operative Knowledge, in which William Lovett and Henry Hetherington were among the leading figures. A new London Co-operative Society had been set up in London by 1829 under the name of First London Co-operative Association, with James Watson as its first storekeeper. Lovett succeeded him, and then took the place of G. R. Skene—one of Dr. King's Brighton followers—as secretary of the British Association for the Promotion of Co-operative Knowledge, which became the main centre for Co-operative propaganda in place of the Brighton Society.

About this time began the regular series of Co-operative Congresses called by the Owenites under the auspices of the British Association for the Promotion of Co-operative Knowledge and subsequently of the Association of the Industrious Classes, which was practically a new name for much the same body. There is a suggestion that some sort of Co-operative Conference was held in Manchester as early as

1827 and another in Liverpool in 1829; but if those meetings ever occurred they must, I think, be a source of error in their attendance. Holyoake, in his *History of Co-operation*, states erroneously that the first of the regular series of Congresses was held in Manchester in 1830; but I can find no trace of such a meeting, and I think it is a simple mistake on his part. The first regular National Co-operative Congress was held in Huddersfield in April, 1831; and thereafter Congresses followed for a time at the rate of two a year. The second met in Birmingham in October, 1831, the third in London in April and May, 1832, the fourth in Liverpool in October, 1832, the fifth in Huddersfield in April, 1833, the sixth in London in October, 1833, the seventh in Barnsley in March and April, 1834, and the eighth in Halifax in April, 1835. There the series ended, amid the general collapse which followed the extinction of the Grand National Consolidated Trades Union. The followers of Owen, however, continued to hold regular annual Congresses for many more years.

It was at the London Co-operative Congress of October, 1833, that Owen made his appearance and proposed to the delegates the launching of a Grand National Moral Union of the Productive Classes of the United Kingdom. John Doherty's National Association for the Protection of Labour had followed up its inaugural Conference, held in June 1830, at Manchester, with Conferences in Nottingham and Derby in the course of 1831; but thereafter it had ceased to be a national body, and there had been no single centre of Trade Unionist activity. The Yorkshire Trades Union, already beginning upon a desperate struggle with the employers in the West Riding, who were refusing to employ known Unionists and doing their best to destroy the movement, became a secret body, and held no open Conferences of its affiliates. The Operative Builders' Union, created in 1832 by the coming together of the separate societies of the building crafts, was more open in its proceedings, and held at Manchester, in September, 1833, its Builders' Parliament, which, under Owen's influence, decided to reorganise the Union and to create under its auspices a Grand National Guild of Builders. The Guild was to supersede the private building contractors, and was to take the entire industry into its own hands on Co-operative lines. It was to be, in effect, a huge National Building Co-operative Society organised and run by the workers themselves.

Fresh from his success with the Builders' Parliament, Owen came to the London Co-operative Congress in October to propose the creation of the Grand National Moral Union of the Productive Classes. It was to be built up with delegates from every organised trade on a basis of parochial, district, and provincial Unions, and seems to have been designed to take over the entire industry of the country in the same way as the builders were proposing to take over the building industry. The delegates went away pledged to the

establishment of this amazingly ambitious instrument and to hold a further Congress at Barnsley the following Easter.

At this point matters seem to have passed out of the hands of Owen and the Co-operative leaders. Owen's Grand National Moral Union of the Productive Classes became the Grand National Consolidated Trades Union—a purely Trade Unionist body—and at a Conference held in London in February, 1834, the G.N.C.T.U. endowed itself with a formal constitution. The Trade Unions and the Owenite Co-operators slipped apart ; and Owen, full of his new creature, seems to have lost interest in the more narrowly Co-operative side of the movement. The Barnsley Congress of March-April, 1834, had, in the event, nothing to do with the G.N.C.T.U., and it passed unchronicled in the Owenite Press, as did the Halifax Congress of April, 1835.

Owen was not himself a member of the G.N.C.T.U. in its early days, though he had inspired its creation. He joined only when the entire structure of Trade Unionism came into desperate danger with the arrest and conviction of the six Dorchester labourers known to history as the Tolpuddle Martyrs. But in November, 1833, he had started yet another vast project by putting himself at the head of a new movement among the Trade Unionists of the North. The Factory Act of 1833 had caused bitter disappointment because of the refusal to concede the ten-hours day ; and now Owen, supported by John Fielden, the great master spinner of Todmorden, brought into being the Society for National Regeneration, which, not content with the ten hours, proposed to introduce at once the eight-hours day, not by legislation, but by a mass refusal to work more than eight hours. The leaders of the Ten Hours Movement—Lord Shaftesbury, Richard Oastler, and the Reverend G. S. Bull—set their faces against the new move, and succeeded in limiting its spread in the West Riding, which was in any case too deeply occupied by the bitter struggle over the rights of Trade Union combination to take much interest in anything else. But in Lancashire the Society for National Regeneration rapidly acquired a big following ; and it, rather than the G.N.C.T.U., was the body which commanded the allegiance of the cotton districts in the ensuing struggle.

In the meantime the Builders' Union had become involved in a great lock-out which, beginning in Liverpool, spread to Manchester and other centres in June, 1833. The master builders resolved on breaking the Union by discharging all who belonged to it ; and there followed a bitter struggle which ended by the close of the year in the men drifting back to work and agreeing to renounce the Union. It was in the midst of this struggle that the Builders' Parliament put forward its "plan" for a National Guild of Builders ; and when the movement was crushed in Lancashire the headquarters were transferred to Birmingham, where the Union set to

work to erect for itself an extensive Guildhall, designed by the Owenite architect, Joseph Hansom, the inventor of the hansom cab, and planned to include schools as well as offices and meeting places for the assembled trades. Birmingham and Leeds became the two main centres of Trade Union activity ; and the movement initiated among the masters in Yorkshire and Lancashire to break the Unions by mass discharges spread to the Midland towns, though not to Birmingham itself. As part of this movement there began, in November, 1833, the great "Derby turn-out," the employers in the textile trades locking out all Trade Unionists. The Derby Unionists, with help organised mainly from Birmingham, at once retaliated by opening Co-operative workshops and attempting to sell their products through the Co-operative Societies up and down the country. The Grand National Consolidated Trades Union, then in process of organisation, came to the rescue and raised funds by levies on its members in aid of the "Derby turn-outs" ; but strikes and lock-outs soon multiplied in other parts of the country, and the Union's resources were utterly inadequate to keep the "turn-outs" supplied. The arrest and sentence of the Dorchester labourers in March, 1834, was a further blow ; for it threatened the Trade Unions everywhere with legal penalties, in addition to the hostility of the employers. The G.N.C.T.U. and most of its affiliated bodies made haste to abolish the oaths which had been a common feature of Trade Union ceremonies of initiation and had furnished the basis for the Dorchester convictions. But in face of the growing militancy of the employers and of the declared hostility of the Government, Trade Unionists in many areas were losing their nerve. Owen and his disciples put themselves at the head of the demand for the release of the Dorchester labourers and joined the G.N.C.T.U. in a body in the hope of saving the situation. But an unsuccessful strike of the London tailors—who in the course of it placarded London with announcements that they were entering as a body into Co-operative Production—seriously worsened the position ; and the Yorkshire employers, resuming their offensive of the previous year, succeeded in May and June in breaking finally the power of the Leeds Trades Union. The Builders' Union also was falling to pieces in face of repeated attacks. Work on the Birmingham Guildhall had to be suspended for lack of funds ; and one by one the building craft societies seceded from the Builders' Union, which was extinct by the end of 1834. The Co-operative workshops at Derby had to close down and the men were forced back to work on the employers' terms. The Potters' Union, which set up a Co-operative pottery in June, 1834, had to abandon it six months later. The great Trade Union adventure was coming to an inglorious end.

There is one aspect of this extraordinary movement of which I have so far made but incidental mention—the National Equitable

Labour Exchange. The Owenite movement of Owen's grandiose schemes for a new social order collapsed amid the general ruin of 1821. But Owen's ideas lived on in many of the Co-operative Stores founded by the Owenites and to serve as depots for the sale of goods made by Owenite Co-operators or by "Union Shops," often set up under Trade Union auspices, or for the exchange of the products of one trade for those of another without the use of money. The Exchange Bazaar opened in London in 1830 by the British Association for the Promotion of Co-operative Knowledge was an affair of this sort; and out of it and other experiments arose the more ambitious notion of the Labour Exchange. Owen, in his *Report to the Committee of Inquiry* in 1821, had proclaimed labour instead of money as the true standard on which all exchanges should be based; and the idea had been much debated in the intervening years, which had seen the rise of a school of Socialist economists proclaiming the right of the workers to receive the whole produce of their labour.* Already, in 1830, William King, not Dr. King of Brighton, but another, was in communication with Owen about the idea of establishing on this principle a Labour Exchange where the workers could make mutual exchange of their products without the use of money in terms of a standard based on "labour time." Presently King himself opened an Exchange on these lines in the Gothic Hall; and in 1832 the Owenites officially entered the field by setting up in the Gray's Inn Road the first branch of the National Equitable Labour Exchange. Soon a second branch was started at the Rotunda in the Blackfriars Road; and in Birmingham, Liverpool, Glasgow, and other towns the Co-operators followed suit and opened similar Exchanges, usually developed out of previously existing Co-operative Stores. A dispute with the landlords soon led to the disruption of the original Gray's Inn Road Exchange; but it reopened in Charlotte Street, then the chief Owenite headquarters, and there, in July, 1833, the management was taken over from Owen by a London United Trades Committee representing the Trade Unions whose members had embarked upon Co-operative Production.

These Owenite Labour Exchanges issued a currency of their own—labour notes for values expressed not in money but in hours of labour time. Goods brought to them for sale were valued in "labour time" according to the number of "labour hours" expended in making them. At the outset the method of valuation seems to have been somewhat chaotic; but later it settled down to something like this: the time needed was assessed by representatives of a committee drawn from the trade concerned, and was meant to cover not the time actually taken in making the goods but the time that ought to have been taken by a workman of reasonable

* Thomas Hodgskin's *Labour and Land* (1825), and *Popular Political Economy* (1827); William Thompson's *Principles of the Distribution of Wealth* (1824); J. F. Bray's *Labour's Wrongs and Labour's Remedy* (1839).

skill (in Marx's phrase, the "socially necessary labour time"). In order that account might be taken of the varying degrees of skill belonging to different crafts an hour's labour was taken as corresponding to an hour's "socially necessary" labour by a workman whose standard rate of wages was sixpence an hour, and a special allowance of time was made for workmen whose standard rates were above this level. This was, in effect, accepting the market valuation of the different grades and kinds of labour and to all intents and purposes making the labour notes mere translations into labour time of money amounts arrived at in an ordinary commercial way. But clearly there was no other basis on which the Labour Exchanges could hope to work; for if their values had intentionally diverged from ordinary market values they would speedily have been cleared of all goods which they priced relatively low and left with the more highly priced goods on their hands. Co-operators and Trade Unionists would have bought in the Exchanges what they could buy there more cheaply than in ordinary shops and would have gone elsewhere for other supplies.

Actually for a time the Labour Exchanges enjoyed a remarkable success. Many tradesmen accepted labour notes in payment for their own wares and spent them at the Exchanges; and there is no evidence that wrong valuations played any considerable part in the collapse of the movement. The Birmingham Labour Exchange actually wound up with a profit which it presented to the Cottage Hospital. Whatever the fate of the Exchanges might under other circumstances have been, they appear to have collapsed, in fact, because the foundations were knocked away from under them by the general dissolution of the Trade Union and Co-operative agencies on which they depended for their customers and their supplies of goods.

By the summer of 1834 Owen had become fully aware of the collapse of the movement in which he had done so much to arouse extravagant hopes. When in August, 1834, the Executive of the G.N.C.T.U., now headed by Owen, called a national Delegate Conference to take stock of the position most of its following had already melted away. In June, under Owenite influence, the Executive had put forward grandiose plans for the establishment of a National Consolidated Union Bank and the setting up of great Co-operative Societies for production in every trade and district; but by the time the Conference met there was clearly no question of putting these plans into effect. Instead Owen effected a rapid *volte-face* and persuaded the rump of delegates to convert the G.N.C.T.U. into a quite different kind of body—a British and Foreign Consolidated Association of the Industrious Classes for Industry, Humanity, and Knowledge. This was, in effect, a reversion to the earlier Owenite form of organisation which had sprung out

of the British Association for the Promotion of Co-operative Knowledge, and had been responsible in 1833 for starting the G.N.C.T.U. on its stormy course. The following year, at a London Conference in May, 1835, it was reconstituted again, and took the name of the Association of All Classes of All Nations. Under this name it continued to meet annually until 1838 : in London in 1836 and in Manchester the two following years. The Manchester Congress of 1837 established a new body, the National Community Friendly Society, with a special mission to raise funds for a fresh experiment in Community-making on the lines of New Harmony and Orbiston. This body held a further Conference in Birmingham in 1838 ; but thereafter the two Owenite organisations were again amalgamated under the name of the Universal Community Society of Rational Religionists, a title which was shortened to the Rational Society in 1843. In 1840 there hived off yet another Community-making body, the Home Colonisation Society ; and by this time the Owenites had bought the Queenwood estate at East Tytherly, in Hampshire, and were in the midst of their last venture in the establishment of a " Village of Co-operation " on communistic lines.

After 1834 Owenism had lost its key position as the predominant influence on working-class thought. *The Crisis*, the journal conducted under Owen's auspices from 1832 to 1834, was replaced by *The New Moral World*, which lasted until the end of the Owenite Movement in 1845. The change of name was significant. Owen was no longer interested in Trade Unions or Co-operative Societies—which had indeed never much interested him except when he believed they could be used as instruments for the instant realisation of his millennial hopes. He was still very much interested in Community-making and in bodies of adherents who made the establishment of Co-operative Communities their objective ; and accordingly there was still a link between the Owenites and the Co-operators because Owenite Societies which aspired to take part in building Communities could still conduct retail Stores or set up producers' Co-operative bodies as stepping stones towards the grand objective. But the mere Co-operative Store with nothing further to aspire to did not enter into Owenite calculations ; and in fact the Store Movement languished for lack of inspiration. Many of the Stores created during the preceding period died out ; and though a few new ones were founded each year there was no progress, as many dying as came to birth.

This, however, by no means meant that Owenism was dead. It ceased to be the centre of a mass movement, and it became a sect, or almost a sect, devoted to the propagation of a " rational religion " of benevolence and universal philanthropy, with an ideal of living in communities apart from the persecutions and oppressions of the " old, immoral world." Co-operation remained its faith ; but

Co-operation no longer meant mutual trading or the establishment of self-governing workshops, or even a mass industrial movement to supersede competition and exploitation and put national "Guilds" based on the Trade Unions in their place. Owen's new doctrine was that only the converted who had thoroughly received the Co-operative gospel were fit to enter into the inheritance of the "New Moral World"; and accordingly the emphasis was on the process of individual conversion and the gathering of the faithful into little local societies which stood ready to contribute their quotas towards the establishment of the "Villages of Co-operation" planned by the national leaders of the Universal Community Society of Rational Religionists.

The Association of All Classes of All Nations was the central agency for the conduct of this propaganda of the later Owenism. The Congress of 1837 which launched the National Community Friendly Society set on foot at the same time the Missionary and Tract Society for the dissemination of Owenite ideas, and appointed Alexander Campbell of Glasgow and James Rigby of Manchester as the first Owenite or Socialist "Missionaries." This was a revival of a project approved earlier at the London Congress of 1832, when the country had been divided into nine missionary districts, including two in Scotland and two in Ireland. Nothing had then come of the "plan," which had got lost in the confusion of the Trade Union and Co-operative developments of the following years. In 1837 the Owenites returned to their earlier plans, and in the next few years further social missionaries were appointed, including George Jacob Holyoake, who became social missionary for the Sheffield area at the Manchester Congress of 1841. This was the Congress at which the Owenites definitely decided to call themselves "Socialists."

During these years the "Socialists" founded, wherever they were strong enough, their Social Institutions or Halls of Science, which fell heirs to what was left of the Radical Republican Movement launched in the 1820's by Richard Carlile. Very soon these Owenite Societies, which habitually met on Sundays, found themselves in trouble with the authorities, both because they made collections at their Sunday meetings and because the Socialist "Missionaries" were, in the eyes of the law, unlicensed preachers who habitually violated the terms of the Lord's Day Observance Act. In order to avoid legal penalties the Socialists found themselves forced to register their institutes as dissenting conventicles; and presently some of the missionaries, in order to secure their right to address Sunday meetings, took out licences as dissenting preachers and became entitled to describe themselves as "the Reverend." This act of submission, which was performed in 1841 by two of the leading missionaries, Lloyd Jones and Robert Buchanan, led to a split. George Jacob Holyoake and other uncompromising Secularists

refused to bow down in the House of Rimmon. In 1842 Holyoake was imprisoned for blasphemy; and in 1844 he started a new paper, *The Movement*, which in 1846 became *The Reasoner* and continued into the 'seventies as the organ of a new Secularist Movement which had developed out of Owenism but had lost its connection with Owen's advocacy of Co-operative Communities. Holyoake was highly critical of Queenwood, the last of the Owenite Settlements; he attached himself instead to the new movement of Consumers' Co-operation which began with the Rochdale Pioneers and became the leading national propagandist of the Rochdale system and the first historian of the Rochdale Society.

In the meantime there had been various experiments in the art of Community-making subsequent to the collapse of Orbiston. The first of these ran its course in Ireland between 1831 and 1833, and has been made famous by the book written about it by the well-known Co-operator, E. T. Craig. The Ralahine Co-operative Community was the outcome of Owen's propaganda in Ireland, in the course of which he converted to his views an Irish landowner, by name John Scott Vandaleur, who had been having difficult times with his tenants. Vandaleur's steward had been murdered and the estate was impoverished and in a condition of turmoil. Vandaleur, fired by Owen's notions, decided to make the experiment of converting his property into a Co-operative Community by leasing the entire estate to the tenants for an annual rent, including payment both for the land and for the farm buildings and cottages. The Community, on payment of this rent, was to be placed in possession of the land, and it was to be free to distribute among its members the entire surplus beyond the fixed payment to the landlord. Vandaleur called a meeting of his tenants and explained this system, at the same time proposing that he should be president of the Community and Craig secretary, and the offer was accepted. For two years, from 1831 to 1833, the Ralahine Community cultivated the land in common and punctually paid the rent due to the landlord. Everything seemed to be going well, and there had been a marked improvement in conditions and standards of living among the members, when the whole settlement was forcibly dispersed. Vandaleur, who was an inveterate gambler, gambled away his estate in Dublin, and his successor in the ownership pushed the Community out neck and crop. Evidently the life of the Ralahine Community was too short for any judgment to be possible upon its prospects of eventual success, but, as in the case of Orbiston, it was brought to an end not by failure but by forceful eviction. Some years passed before the establishment of any further Community. Then, in 1838, William Hodgson of Wisbech founded the Manea Fen Colony, following on the propaganda of James Hill, also of Wisbech, who in 1837 issued a Co-operative journal, *The Star in the East*. In 1843

the followers of James Pierrepont Greaves, a mystic Owenite, issued *The New Age and Concordian Gazette* from the Concordium, the Community settlement which they had established at Ham Common in Surrey. Alexander Campbell was for some time a member of this Community.

But the grand experiment on which most of the Owenite Societies had their eyes fixed was Queenwood, or Harmony Hall, at East Tytherly in Hampshire, purchased in 1839 from the banker Sir Isaac Goldsmid, who was a friend of Owen's and retained a mortgage on the estate. Here, from 1839 to 1846, the last act of the Owenite drama was played out. In 1838 Owen had been nominated at the Manchester Congress as governor of the new Community ; but he resigned before its opening on the grounds that the plans were too ambitious and the means inadequate, and his disciple, John Finch of Liverpool, the temperance advocate, was appointed as governor in his place. The settlers were recruited from the local Owenite Societies which had subscribed towards the venture, and few of them had any experience of land work, which was to be their principal business. The estate, however, included a house, Rosehill, which was bought by Owen and fitted up to receive visitors from outside, in addition to the main Community settlement ; and Queenwood, or Harmony Hall, became a place of pilgrimage for many Owenite adherents who were not settlers, and was from 1842 the meeting-place of the annual Socialist Congresses, which found their time chiefly occupied with attending to its troubles.

These troubles were many. The inexperience of the settlers in land work soon led to the employment of hired labourers to help them with the tasks of cultivation ; and many of those who had settled on the estate were induced to leave in order to lighten the costs. In spite of this, and of generous contributions from wealthy sympathisers, the affair got into increasing difficulties. In 1841 Owen agreed to become governor with almost unlimited powers, and lavish expenditure kept the Community in being for a further period. But in 1842 there was a further crisis. Owen resigned, and John Finch resumed office as governor. The new buildings started by Owen were completed ; and an attempt was made to restore prosperity by opening a boarding school as part of the Community plan. In 1843 Finch resigned, and Owen again became governor. But there followed a dispute. The Socialist groups up and down the country were getting weary of repeated demands for money to sustain the Queenwood Community when they wanted all they could raise to finance their local activities. Owen was accused—not without justice—of extravagant administration ; and in 1844 he was forced again to resign. John Buxton of Manchester was elected governor, and attempted to carry on the colony ; but many of the more influential Owenites resigned, including those who had provided

most of the money. In 1845 a special Congress held in London decided to wind up the whole affair ; and in the following year the end was reached when, in June, 1846, Finch, as one of the trustees, evicted the governor, Buxton, and sold Harmony Hall to George Edmondson, who for many years afterwards carried it on successfully as a progressive school. The delegates to the last of the Socialist Congresses, when they arrived at Queenwood in June, 1846, found themselves locked out by order of the trustees, and had to meet first in a tent and then in the house of Rosehill, which belonged to Owen personally.*

Thus ended the Owenite Movement, as a movement for the establishment of "Villages of Co-operation" where the faithful could escape from the tribulations of the "old, immoral world" into the purer atmosphere of the New Society. Holyoake and a few others tried to carry on the Rational Society after 1846, and were ultimately successful in recovering from the trustees a part of the money which had been sunk in Harmony Hall. Among those who received some of their money back in the final settlement were several of the Rochdale Pioneers, the names including James Smithies, George Healey, John Garside, William Mallalieu, and John Collier—an interesting piece of evidence of the continuity between the older and the new Co-operative Movements.

There were, even in 1846, still workmen all over England who cherished the Owenite ideal of Co-operative Community ; but the main part of the money for Queenwood was provided, not by the local Owenite or Socialist Societies but by one or two rich men who had become converts to the Owenite gospel. Frederick Bate and William Galpin, the promoters with Owen of the Home Colonisation Society of 1840, were the principal financiers of Queenwood. The main body of the working class had long before turned away from Owenism and begun to follow after other gods. From 1836 or 1837 the centre of working-class attention had shifted back from Trade Unionism and Co-operation to Political Reform and to the struggle against the new Poor Law of 1834. Chartism, replacing Owenism, became the predominant working-class gospel ; and Feargus O'Connor, in place of Owen, became the revered leader of the main body of the miners and factory workers.

It would carry me far beyond the scope of this volume were I to attempt to tell, even in outline, the story of the Chartist Movement ; and there is the less need because I have recounted it elsewhere.† The demand for the People's Charter came, from 1838 onwards, to be the symbolic cry of working-class suffering ; and the propaganda of Co-operation was almost submerged. The contention of the

* For the disputes over Queenwood, see also page 58.

† See my *Chartist Portraits*—especially the Introduction, which gives an account of the struggle against the new Poor Law and of the Factory agitation in the Northern industrial districts

Chartists was that no amelioration of working-class conditions could be expected except from a Parliament elected by Universal Manhood Suffrage, and that such schemes as the Owenites had in their heads were mere Utopian waste of energy. Chartism reached its first peak in 1839, when the Chartist Convention met in London and endeavoured to coerce Parliament into granting its demands by the threat of a general strike or "Sacred Month." This phase ended with the isolated and abortive Newport Rising—probably part of a wider plan of "physical force" insurrection which failed to come off. John Frost and his fellow-rebels were transported to Australia, and all over the country the leaders of the movement were arrested and lodged in gaol. But most of the sentences were not severe; and by the following year Chartism was being reorganised for a renewed campaign. A second National Convention organised a second monster National Petition in 1842; and on this occasion, though there was no proclamation of a "Sacred Month," there were great strikes in the North and the Midlands primarily against wage reductions and intolerable working conditions, and the Chartists managed in many areas to assume command and to persuade the strikers to adopt resolutions refusing to return to work until the Charter had been made "the law of the land." Widespread, however, as the movement was, it could not stand out against mass starvation; and before long the strikers were drifting wretchedly back to work with their demands unmet. Chartism had sustained a blow from which it was never able to recover—not even in the year of European Revolutions, 1848. The advocates of Corn Law Repeal and Factory Reform, offering less ambitious but more practicable objectives, stole away the less devoted or more timid adherents of the Chartist cause; and the repeal of the Corn Laws in 1846 and the passing of the Ten Hours Act in 1847 seemed to prove that moderation and limited objectives paid, whereas those who demanded all or nothing merely frittered their energies away.

This was the changing mood of a large section of the working class at the moment when the Rochdale Pioneers founded their Toad Lane Store. There were among them both Corn Law Repealers and Factory Reformers as well as Owenites; and there were also Chartists who remained devoted adherents of Feargus O'Connor after Chartism had passed its zenith. Two of the Pioneers, Miles and Samuel Ashworth, went away for a time, after the Store had begun, to settle in O'Connor's Land Colony of Charterville—the successor of Queenwood as the Mecca of land-hungry proletarians who hated the new industrialism of the factory towns.

Indeed even before Queenwood had finally collapsed the Chartists, defeated in their political objectives, had begun to turn their attention to land colonisation. Their plans were, however, significantly different from Owen's. The Socialists had set out to

found "Village of Co-operation" based on common ownership and tillage of the land, communal production of industrial products for communal use and exchange, and communal living in great social buildings where all shared and shared alike. O'Connor the Irishman had a very different ideal. His Village Settlements were to be based on peasant proprietorship and individual or family cultivation. There was to be no communal living, no common ownership, no preaching of a "New Moral World." O'Connor's Villages were no more a success than Owen's; he was as wild as Owen in over-estimating the prospective yield of "spade husbandry" practised by settlers used to urban conditions, and his National Land Company was dissolved after a parliamentary inquiry in 1848, only two years after the break-up of Harmony Hall. But for a few years in the 'forties O'Connorville and Charterville commanded far more working-class support than Owen ever secured. The finances of the Owenite experiments came mainly from a few wealthy enthusiasts; O'Connor managed to found his land scheme on the contributions of the poor. Rich and poor alike lost their money; and only a few of O'Connor's settlers were left on their small farms as survivors after the wreck. Chartism, foiled in its political objectives, had sought refuge in an individualist Utopianism which was hardly less Utopian than Owen's communistic dreams. Both alike left the ardent spirits among the workers depressed, frustrated, defeated, but left them at a conjuncture which held unexpected promise of better days. The growing pains of the Industrial Revolution were passing: the wealth engendered by the new industrialism was at length beginning to filter down to the working classes. Trade and employment were growing less unstable with the immense expansion of foreign markets due to railways, improved shipping, and the opening up of new, fertile lands. The age of Victorian prosperity was beginning, and Trade Unionism and Co-operation alike were taking on new shapes appropriate to the changing times. The season was ripe both for the New Unionism of the Amalgamated Societies and for the New Co-operation of which the men of Rochdale were the pioneers.

III.

ROCHDALE

Rochdale, where the modern Co-operative Movement was born, was in 1844 a town of about 25,000 inhabitants, with another 40,000 living round about in nearby villages for which the town served as a centre. It was, and had been for centuries, mainly a textile town, though there were many coal mines in the immediate neighbourhood and the coal industry had been growing rapidly since the advent of steam-power. Rochdale's two great industries were woollen, especially flannel, manufacture and the spinning and weaving of cotton goods ; but it also made both hats and carpets and possessed a number of ironworks and engineering works, chiefly for the manufacture of textile machinery. Of these industries cotton was a comparative newcomer, the first cotton spinning mills having been set up about 1790, whereas the trade of flannel weaving was reputed to have been practised in Rochdale since the fourteenth century. Hand-loom weaving had been for centuries the principal occupation of the people. The first power-looms had been set up for cotton weaving about 1820, and for woollen weaving in 1831 ; but for woollen goods, including flannels, the hand-loom was still widely in use in the 'forties, and the hand-loom weavers were in the throes of their desperate struggle to maintain themselves against the competition of steam-power. There are no really reliable figures of wages or earnings for this period ; but in the cotton trade in the Manchester district, where wages were somewhat higher than in Rochdale, the weekly earnings of hand-loom weavers had fallen from about £1 a week on the average early in the century to 7s. or 8s. in the early 'forties. The hand-loom weavers in the woollen industry were a little better off than this, but had fallen from a higher level. In Leeds, for example, men weavers, who had been getting from 24s. to 30s. in the 1820's, had been reduced to from 12s. to 14s. by the 'forties. The spinners were rather better paid. In the Manchester district cotton spinners of medium counts were earning from 21s. to 24s., and spinners of coarse counts about 16s. ; but the big piecers, who were adults, or nearly so, were getting only 8s. or 9s. In Leeds wool spinners were earning about 23s. a week. Spinning by machinery was one of the new skilled trades created by the Industrial Revolution ; and wages in it were relatively high. These figures are for men ; the women got much less, even for skilled work. In the woollen trade women power-loom weavers could earn about 9s. in the early 'forties, and in the cotton trade about the same, or a trifle more.

It must be emphasised that these wages, low as they seem, were for regular work ; but work was in fact anything but regular. Both

the cotton and the woollen industries, but especially the latter, were subject to violent fits of depression, with booms and slumps alternating not merely every few years, but sometimes every few months. Rochdale's old staple, the flannel trade, was worse off than most other textile industries, having been hit very hard by American tariff developments, which in 1828 and again in 1841 had caused a sudden and serious fall in exports. The flannel trade was depressed almost continuously through the 'thirties and 'forties, whereas activity in other branches of the woollen industry went violently up and down. The cotton trade was only a little less unstable. The following figures for yearly exports of cotton and woollen goods (in values) illustrate the instability of markets and prices which was responsible for the continuous uncertainty of the workers' employment and earnings during this period.

EXPORTS OF COTTON AND WOOLLEN GOODS, 1833-1850

Year	Values		Index Numbers (Average of the 18 Years = 100)	
	Exports of Cotton Goods and Yarn £ millions	Exports of Woollen Goods and Yarn £ millions	Cottons	Woollens
1833	18.5	6.5	78	91
1834	20.5	6.0	86	84
1835	22.1	7.1	93	99
1836	24.6	8.0	104	112
1837	20.6	5.0	87	70
1838	24.1	6.2	102	87
1839	24.6	6.7	104	94
1840	24.7	5.8	104	81
1841	23.5	6.3	99	88
1842	21.7	5.8	91	81
1843	23.4	7.5	99	105
1844	25.8	9.2	109	128
1845	26.1	8.8	110	123
1846	25.6	7.2	108	101
1847	23.3	7.9	98	110
1848	22.7	6.5	96	91
1849	26.8	8.4	113	117
1850	28.3	10.0	119	140

The burden of these fluctuations, serious for all workers, fell with especial severity upon the declining class of hand-loom weavers. Employers who spun their yarn in factories and had also a number of power-looms installed would naturally tend in periods of bad trade to keep their power-loom workers in employment and to cease to put out work to the hand-loom weavers, who were being forced more and more into the position of a "reserve of labour" able to find employment only when trade was brisk. From the employers' point

of view, power-looms were capital locked up and needing to be kept running as continuously as possible in order to earn their keep ; whereas the hand-looms belonged mainly to the workers, who could be turned off and left to fend for themselves in bad times. This policy could not be pushed to the limit ; for much of the fine work, especially in the woollen industry, could still be done only on the hand-loom. But power-driven machinery was being steadily improved, and was taking over more and more of the hand work. The hand-loom weavers were a dying class ; but they died out slowly, competing one with another for a volume of work which shrank, not steadily, but by fits and starts, each recovery leaving the hand-loom weaver at a lower ebb than he had been at when trade was last at a comparable level.

Sharman Crawford, the member for the borough, said in the House of Commons in 1841 that there were 136 persons in Rochdale living on 6d. a week, 200 living on 10d., 508 living on 1s., 855 living on 1s. 6d., and 1,500 living on not more than 1s. 10d. a week. This was at a time of bad trade ; but such conditions were coming to be chronic, at any rate among the hand-loom weavers. Rochdale was hungry, and hungrier than most of the Northern towns, at a time when hunger was common enough throughout the new industrial areas.

Rochdale and the villages round it were full of hand-loom weavers. Before the coming of power-driven machinery there had been hardly a farmer in the district who was not also, or even primarily, a small master in the textile trade. The first mills driven by water-power were built beside the rivers which intersected the valley—the Roach, the Spodden, and a number of tributary streams. Water-power tended to remove industry out of the old town into the surrounding country, much of which was gradually swallowed up as the town grew. The hand-loom weaver of those days was not far removed from the land, had quite often a patch of his own or near relatives occupying a small farm, and could sometimes turn to land work when times were bad. But with the advent of steam-power the mills lost their dependence on the rivers except for bleaching and dyeing, and came to depend on the coalfield instead. The textile trades became more urbanised, and the urban workers largely lost their contact with the land ; the villages where there was coal to be got turned into colliery villages, with new rows of miners' cottages and a sprawl of pithead gear and griminess begotten of coal and the ironworking industries which grew up beside the mines. Immigrants came in to man the mines and the new factories, including a fair number of Irish with a standard of living lower than that to which the people of Rochdale had been used. New employers came in too. Jacob Bright, John Bright's father, arrived in 1802 from New Mills, in Derbyshire, as an employee of the Holmes, who set up the second cotton mill in

the town. Seven years later he set up his own mill at Cronkeyshaw Common, just north of the town, with £6,000 of borrowed capital and a derelict worsted mill for his first premises. Boulton and Watt supplied him with a steam-engine for the spinning processes; but weaving was still done for some time on the hand-loom. Native capitalists also grew rich. Lord Byron, the poet, ancestral lord of the manor of Rochdale, sold the manorial rights in 1823 to the Deardens, who became the great local colliery owners and invented for themselves a fancy pedigree running back through the Middle Ages—even including effigies of imaginary ancestors in the parish church. The Royds family, who had been in the Rochdale cloth trade since their migration from Yorkshire in 1600, branched out into banking and became the proprietors of the principal local bank. The Fentons, one of whom, John, was the first member for the borough on its enfranchisement in 1832, also combined banking with mill-owning. The Pillings were the first introducers of the cotton industry, and the Ashworths were active in stock and share broking as well as in textile manufacture.

Daniel Defoe, visiting Rochdale in the 1720's, spoke of the town as "very considerable, for a sort of coarse goods, called Half-thicks and Kersies," and added that "the market for them is very great, tho' otherwise the Town is situated so remote, so out of the way, and so at the very foot of the mountains, that we may suppose it would be but little frequented." Indeed the Rochdale of those days suffered from bad communications, especially with Yorkshire, with which its connections became much closer after the turnpiking of the road from Rochdale to Halifax in 1734. As a woollen centre it had much more industrial contact with the West Riding than with Manchester, though the latter was but a dozen miles distant as against sixteen or more to Halifax. With the growth of the cotton industry the Manchester connection grew steadily in importance; but Rochdale also kept close touch with the West Riding, and was indeed a key point for the intercourse between the two. This applied especially to the working classes. Rochdale, as a place in which the cotton and woollen industries were of nearly equal importance—though cotton was steadily gaining ground—became in the first half of the nineteenth century the clearing-house for ideas and projects between the working classes of the two counties. Its cotton workers were among the principal supporters of John Doherty's attempt, in 1831, to create a nation-wide Trade Union Movement embracing all classes of workers; and it was through Rochdale that Doherty's association, the National Association for the Protection of Labour, had its closest touch with the parallel body—the Yorkshire Trades Union—which grew up among the workers in the woollen and worsted trades of the West Riding. Rochdale was also a key point for the contact between the two counties in the Chartist agitation. Feargus

O'Connor, whose headquarters were in Leeds, spoke in Rochdale on a number of occasions, and was indicted in 1840, after the Newport Rising, for a speech which he had addressed to a Rochdale Chartist demonstration. Rochdale also occupied a key position in the struggle for factory legislation and the ten-hours day. James Standring, a flannel weaver, who was one of the Pioneers, was secretary to the Rochdale Ten Hours Committee; and Charles Howarth, one of the original promoters of the Pioneers, was also active in the Ten Hours Movement.

Rochdale, indeed, was second only to Manchester and Leeds as a centre of working-class activity in the first half of the nineteenth century. There were many serious strikes, mostly either against wage reductions or for the restoration of cuts in wages which had been enforced when times were bad. Usually these strikes led to rioting, especially among the hand-loom weavers who, when a strike was declared, were accustomed to go from house to house gathering in the weavers' shuttles in order to place them in the keeping of the Weavers' Union until the strike was called off—a way of preventing blacklegs from continuing at work. Such a gathering of the shuttles took place in 1808 when the first recorded big strike occurred. There were similar affairs in 1827 when the price list agreed upon in 1824 broke down and in 1829 when serious riots led to the transportation for life of Thomas Kershaw, one of the leaders, and to the appointment of a Chief Constable to reorganise the police. On this occasion the strikers met with some success; but there was another series of strikes in 1830 when the employers tried to enforce wage reductions. The next big strikes were in 1842, and were part of the great strike movement of that year, due mainly to acute trade depression but affording an opportunity to the Chartists to assume the leadership and convert them into political strikes designed to continue "until the Charter became the law of the land." On this occasion the strike movement was not initiated in Rochdale: it spread from Oldham, when the Oldham men arrived and went round the district calling on the local workers to draw the plugs of the boilers in order to put the steam-engines out of action. Most of the earlier strikes in Rochdale had centred round the hand-loom weavers, but by 1842 that phase was over. The steam-engines were the things to stop; if they stopped, work for most of the town stopped with them.

In 1844, however, when the next serious strikes took place, the weavers again took the lead in an attempt to get the local employers to return to an agreed wage scale. There were big differences in the wages paid by different firms; and some outside employers, profiting by the prevalence of unemployment in the area, had been giving out work at cut wages. The aim of the Weavers' Union was to persuade the local employers to accept a common scale and thereafter to

boycott any employer who attempted to pay less. The better firms agreed with the weavers' committee to grant an advance and a common scale provided that the other local firms would come in. But a number refused; and the better firms then said that they could not implement the scale alone. The weavers thereupon set out to stop the recalcitrant firms one by one, supporting the men whom they called out on strike by means of a levy of twopence a week on all who remained at work. Trade was good, and it seemed clear that the employers could afford the advance; but the strike broke down. There were difficulties over the collection of the levy; and the weavers' committee found itself with more strikers on its hands than it knew how to support. This was early in 1844—the prelude to the debates which led, a few months later, to the foundation of the Society of Equitable Pioneers.

These disturbed industrial relations were the background against which the working men of Rochdale thought out their social philosophies and debated rival projects of reform. In the 'thirties and 'forties two main parties had developed among the politically minded, with a third party gaining ground as the Chartist Movement disintegrated and lost its paramount appeal. These three groups were the Owenites or Socialists, the Chartists, successors to the Radical Reformers of the days before the Reform Act of 1832, and the Corn Law Leaguers or Free Traders, who followed Cobden and Bright. The groups were not exclusive: many Owenites were also Chartists and Radical Reformers, and many Chartists wanted the Corn Laws repealed. There were, however, three different points of focus; and at times disputes between the rival groups became acute.

Owenism and Radical Reform came to a head together in the years between 1825 and 1832. Doherty, the leader of the Lancashire Trade Unionists, was an ardent Owenite; and the National Association for the Protection of Labour and its successor, the Society for National Regeneration, which stood for direct action to enforce an eight-hours day, were greatly under Owenite influence. But the Lancashire Socialists did not for the most part share Owen's disbelief in the effectiveness of political action. They were Radical Reformers as well as Owenites; and in 1832 the Rochdale Radicals forced a three-cornered fight in their newly enfranchised constituency. John Fenton, the official Radical, was a millowner and financier; and the left-wing Radicals put up against him James Taylor, a Methodist Unitarian preacher who was later the leader of the local Chartists. John Entwistle, member of one of the great families of the district, stood for the Tories. Fenton was elected by 277 votes to Entwistle's 246; but Taylor did not do badly, polling 109 on the very restricted franchise which excluded practically every working man. Neither Taylor nor any other third-party candidate tried again after 1832. The Tory, Entwistle, beat Fenton narrowly in 1835, and

Fenton regained the seat, again narrowly, in 1837 against Clement Royds, the local Tory banker, and held it later in the same year against Entwistle's son-in-law, Captain Alexander Ramsay. Thereafter, in 1841, William Sharman Crawford, the reforming Ulster landlord, was brought in as Radical candidate with a good record in Parliament already behind him. He had been one of the M.P.s who had met William Lovett and the leaders of the London Working Men's Association in the early stages of drafting the People's Charter, and had given the Chartists his support in Parliament in 1839. He was a candidate acceptable to both middle-class and working-class Radicals, and he won the seat against a Conservative Fenton, and held it unopposed in 1847. When he retired in 1852 another Radical far enough to the left to satisfy the working-class Radicals succeeded him. Edward Miall, the editor of *The Nonconformist*, won the seat, only to lose it to Sir Alexander Ramsay, the Tory, in 1857. Then in 1859 Richard Cobden was returned unopposed; but by that time the Radicalism of the Chartist days was dead and working-class political movements were practically in abeyance. They revived only in the 'sixties; and in that revival Rochdale played no significant part.

I have leapt far ahead in this account of the political fortunes of Rochdale's representation in Parliament. Let us turn back to the 'thirties and 'forties. Hard on the heels of the Reform Act of 1832 came the period of nation-wide Trade Union agitation. Rochdale was swept into this mainly through Owen's and Fielden's Society for National Regeneration; and when that and the Grand National Consolidated Trades Union collapsed in 1834 the Owenite Socialists held together in Rochdale only as a small band of enthusiasts. An Owenite propagandist Society and a Co-operative flannel manufactory had been founded there in 1830; and from these efforts emerged the first Rochdale Co-operative Store, which lasted from 1833 to 1835. Its failure, which is discussed elsewhere,* did not discourage the enthusiasts, who opened in 1838 a "Socialists' Room" or "Social Hall," at which lectures were given not only on Owenism but also by Radical and Chartist leaders. It was in Yorkshire Street, next door to the Weavers' Arms, the headquarters of the Weavers' Union.

The Socialists were, however, after 1834 but a small group. The centre of working-class attention shifted, from 1837, to Chartism and to the struggle against the new Poor Law. In 1837 the Poor Law Commissioners began to introduce the new Poor Law system, which they had already applied over most of the Southern and Midland Counties, in the industrial North. A number of parishes, previously independent in their management of poor relief, were grouped to form the Rochdale Union, and the first Board of Guardians was elected. But hostility to the new Poor Law, with its refusal of

* See page 63

outdoor relief to the able-bodied, was intense over most of Lancashire and Yorkshire, where there had been, not, as in the rural South and Midlands, any regular system of subventions to wages out of the rates but a practice of paying Poor Law relief to unemployed and under-employed workers in times of trade depression: in effect, a sort of unemployment benefit or relief. The threat to take this away provoked the keenest resentment. John Fielden, the famous Radical master cotton spinner who was one of the two M.P.s for Oldham and had his headquarters at Todmorden, where his works were, put himself at the head of the local agitation and supported his workers' determination to resist if need be by force the introduction of the new system. Todmorden was but nine miles from Rochdale; and the Rochdale Poor Law Union ran almost to the Todmorden mills. In both areas the resistance was too strong to be broken down at once; and the Poor Law Commissioners in London saw the need to temporise. It was open to them, while creating the new Poor Law Unions and insisting on the election of Boards of Guardians to administer them, to set them up in the first instance exclusively as registration authorities for births, marriages, and deaths under the Registration Act of 1837, and to defer the transference of powers of poor relief to them from the parish authorities. This had to be done in Rochdale as well as in Todmorden; and up to 1845 the old Poor Law remained in force in the Rochdale area, and poor relief continued to be administered by the parishes without any ban on outdoor relief. Then the change was at last made, though in Todmorden the contest went on a good deal longer. The Rochdale workers had no great employer like John Fielden to enable them to hold out indefinitely against the enforcing power of the "Three Bashaws of Somerset House," with the indefatigable Edwin Chadwick as their executive officer.*

They were not, however, without doughty champions. Their protagonist in the struggle was Thomas Livsey, later an alderman of the borough and the leading light of Radicalism after John Bright. Livsey, an active supporter of the People's Charter and treasurer of the Owenite Socialist Institution, was elected to the Rochdale Board of Guardians in 1840 for Castleton ward, and at once became the leader of the party opposed to the new Poor Law. He was made chairman of the Board and, backed by a majority of its members, refused to obey the orders of the Poor Law Commissioners to discontinue the old system of relief and introduce the new rigours of deterrent relief scales and the workhouse test. For this defiance he was put on trial at Liverpool Assizes but escaped on a technicality, the Commissioners having failed to comply with the strict requirements of the law; in fact one of them, Sir George Lewis, had

* The new Poor Law Commissioners were popularly known as the "Three Bashaws," i.e., Pashas, or irresponsible tyrants. For an account of the struggle in Todmorden, see my *Chartist Portraits* (Macmillan, 1941), chapter VIII.

signed the order which Livsey and his colleagues were prosecuted for disobeying, not in the presence of the others as was laid down in the Act but while away on his honeymoon, the document having been forwarded to him by post. On this score the Commissioners' case failed; and for five more years the Rochdale Board of Guardians successfully defied their authority. Fielden, who was a close friend of Livsey, comes into the story because it was he who provided the £100 which had to be paid over to the informer who gave the Commissioners away. Livsey was from the outset a good friend to the Rochdale Pioneers, serving as one of their advisers when they formed their Society and maintaining close touch with their affairs until his premature death in 1864.

In the industrial North in the late 'thirties and early 'forties the Chartist Movement was inextricably bound up with the Poor Law struggle. It was hatred of the new Poor Law above all else that turned Chartism, with its purely political programme, into a mass movement of the working classes. Chartism, said Joseph Raynor Stephens, the leader of the Lancashire movement against the new Poor Law, was "a knife-and-fork question"—a question of wages and living conditions, though the six points of the Charter were silent on economic grievances.* The working classes wanted the Charter because most of them believed that there was no hope of getting economic redress from a Parliament in which power was shared between landowners and employers and the franchise did not extend beyond the middle classes. The Reform Act of 1832 had only increased the electorate from about 440,000 to 725,000; it was in that respect a much smaller change than was made by the second Reform Act in 1867, when the electorate was nearly doubled from 1,200,000 to 2,250,000. We have seen how small were the numbers who voted at Rochdale in 1832; and there was no great increase till Cobden in 1850 set on foot his Freehold Land Societies for the purpose of buying freehold land and distributing its ownership in parcels just large enough to enfranchise the purchasers. Rochdale's Freehold Land Society, with John Bright as president, is said to have been successful in adding 500 voters to the borough's electoral roll; but of course the voters so added were also of the middle classes. The movement did not touch the ordinary working man; even in 1867 only the upper stratum of the town working classes got the vote.

In the 'thirties and early 'forties most of the workers were convinced that they had nothing to hope for from Parliament as it had been left by the Reform of 1832. No doubt this Parliament had passed a Factory Act in 1833; but that Act had been so inadequate that it provoked more resentment than satisfaction. Above all Parliament had refused the ten-hours day, which had become the

* The Six Points were Universal (=Manhood) Suffrage, Vote by Ballot, Annual Parliaments, Equal Electoral Districts, No Property Qualification for M.P.s, and Payment of M.P.s.

symbolic issue in the factory districts. It took another fourteen years' agitation, under Lord Shaftesbury's leadership and with a good deal of Tory, anti-Whig-millowner, support, to get the Ten Hours Bill into law; after 1833 most of the factory reformers despaired, and most of the factory workers regarded the Charter as the pre-condition of further legislative protection.

Similarly most of the working classes, though they wanted cheaper bread and favoured the repeal of the Corn Laws, regarded it as inconceivable that a Parliament in which the landowners were still securely entrenched would ever give way on the question of agricultural protection. The Chartist leaders continually denounced the Anti-Corn Law Leaguers as seeking to mislead the people. Sometimes they argued, like O'Connor, that the leaders of the Anti-Corn Law campaign wanted cheap food only in order to lower wages; but an equally common argument was that however desirable the repeal of the Corn Laws might be there was no hope of getting it without the Charter. In 1839, the year both of the first Chartist Convention and of the founding of the Anti-Corn Law League, John Bright convened an Anti-Corn Law demonstration in Rochdale. The Chartists packed the meeting, and carried against the platform an amendment favouring the repeal of the Corn Laws, but urging that a necessary step towards bringing it about must be to make the People's Charter the law of the land.

Chartism, then, was in Rochdale a very powerful force. James Taylor went as delegate from the Rochdale Chartists to the Chartist National Convention of 1839, and again to the National Conference of 1840. There were great torchlight meetings and processions in connection with his election as delegate in the autumn of 1838; and the temper of the Rochdale Chartists appears to have run high. At the Convention Taylor took a moderate line, opposing violence and reporting, after a visit to his constituents, that the workers of Rochdale were not ready to participate in the proposed "Sacred Month" or "Grand National Holiday"—the general strike movement by means of which the Convention hoped to apply pressure to Parliament to concede the Chartist demands. Trade in the early months of 1839 had been good in the textile areas; but by the summer, when it was proposed to begin the "Sacred Month," conditions were getting worse, especially in the woollen trade, and the prospects for strike action were far from encouraging. Taylor, however, was not one of those who deserted the Convention when it fell on evil days. He remained with it to the end, and was among those who voted against its dissolution during the final days. Moreover, he was again delegate from Rochdale at the Manchester Conference of 1840, which formed the National Charter Association to rally the Chartist forces after the defeat of 1839; and in 1842 he was among those arrested and tried at Lancaster for his part in the great strike movement of that year.

The verdict was an acquittal, and Taylor continued to play an active part in Rochdale politics and in the religious life of the town. He and James Wilkinson, who was one of the original Rochdale Pioneers, were among the leaders of the "Cookites," followers of Joseph Cooke, originally a Wesleyan Methodist minister who was expelled by the Methodist Conference in 1806 on account of his unorthodox opinions. Cooke's followers built a new chapel—Providence Chapel in the High Street—for him and he continued to officiate there until his death in 1811. After his death three young members of the congregation, John Ashworth, James Taylor, and James Wilkinson, took over the conduct of the services ; but disputes arose, and after a new minister had been appointed there was a secession under the leadership of these three, and by 1818 the secessionists had built themselves a new chapel in Clover Street which became the centre of Methodist Unitarianism in Rochdale. Here Taylor and Wilkinson continued their ministrations, and the congregation contributed a substantial membership both to the Chartist body and to the Society of Equitable Pioneers.

From 1840 onwards the Anti-Corn Law Movement, headed locally by John Bright, began seriously to challenge the Chartist ascendancy. The Anti-Corn Law League had been founded as a national body in 1839, and in January, 1840, Bright established a Rochdale branch and began collecting signatures for a petition for the repeal of the Corn Laws. He secured 9,700 names, and was greatly helped in his campaign by the excitement caused in the town by the simultaneous struggle over the question of church rates, which ranged the inhabitants into two parties grouped under the rival banners of church and dissent, and was the more bitter because of the part the church had played in Rochdale as the determined enemy of Radicalism as well as of dissent.

The living of Rochdale had become, by the early years of the nineteenth century, one of the richest in England, and its value was growing by leaps and bounds because the church owned much of the land in the neighbourhood of the town on which building was taking place. In 1819 the Reverend W. R. Hay had been presented to the living of Rochdale, to which most of the smaller churches in the district were subordinate, as the reward for his services as an energetic parson-justice in bringing Radical and working-class leaders to book. He was the chairman of the county magistrates who were responsible for the famous "Peterloo" Massacre of 1819—just before his appointment to Rochdale ; and working-class resentment was bitter, and remained so throughout his tenure of the preferment. Hay was in the main an absentee from Rochdale, drawing a big and rapidly growing income from the place but leaving most of the work to curates. But when he was in Rochdale he habitually presided over the bench of magistrates, and Radicals could expect

no quarter from him. In 1834 Hay determined to collect a compulsory church rate from all the inhabitants for the upkeep of the ancient Parish Church of St. Chad, which had fallen into serious disrepair, and of the numerous chapels of ease which were dependent upon it. The following year the rate was rejected on a vote of the legal parishioners ; but Hay insisted on collecting it in face of the rejection. The following year the rate was first rejected and then passed by a small majority on a second vote, and many of the opponents resorted to passive resistance. The struggle thus begun continued, with varying fortunes, for the next seven or eight years. In 1839 Hay died, and was succeeded by the Reverend J. E. N. Molesworth, who, unlike his predecessor, resided in the town and played an active part in its religious life. Molesworth again attempted to collect the compulsory rate, and a series of public meetings followed. In 1840 a meeting was called to assemble in the church, as there was no public hall large enough for the purpose. The attendance overflowed into the churchyard, where John Bright addressed a huge assembly in opposition to the rate. Two years later the quarrel flared up again. The vicar started a paper, *Common Sense*, in support of the church's claims ; and the dissenters retorted with a rival sheet, *The Vicar's Lantern*, to which Bright is said to have been a principal contributor. The attempt to collect a compulsory rate had finally to be abandoned in face of the determined popular resistance.

Bright's Anti-Corn Law activities and his espousal of the dissenters' cause made him a leading figure in Rochdale, where his father had by this time three textile mills at work. Jacob Bright, John's father, was the local leader of the Society of Friends and was active in municipal and educational affairs. In 1840 he opened a factory school for the children of his workpeople as well as for the young people employed in his mills, and added to it a newsroom for the use of his adult workers. In those days most members of the Society of Friends regarded it as contrary to Quaker principles to take any part in politics ; but the younger Bright soon broke away from this rule. In 1837 he had addressed to the Rochdale electors a pamphlet in support of John Fenton, advocating household suffrage, the ballot, the repeal of the Corn Laws, and the abolition of church rates ; and as we have seen he had thrown himself wholeheartedly into the Anti-Corn Law agitation from 1839. In 1841 he was himself summonsed for failure to pay the church rate ; and in 1841 this was one of the issues on which he supported Sharman Crawford as candidate for the borough. In the following year, when the Chartist strikes broke out, he addressed his own workpeople, urging them to abstain from violence, and published a pamphlet address to the strikers, in which he argued that striking would not help them because the manufacturers, weighed down by the Corn Laws, could not afford to pay them higher wages. Corn Law repeal, he urged,

and not the Charter, was the immediate issue on which they ought to concentrate their attention ; and as the militant leader of the dissenters in their struggle with the vicar, he commanded a wide measure of support, despite his inveterate opposition to the ten-hours agitation and to all attempts to invoke the aid of the State for remedying economic grievances. The working men of Rochdale did not wholly desert their allegiance to the People's Charter. They sent Henry Mitchell to represent them in the Chartist National Assembly of 1848 ; but after 1842, in Rochdale as in many other places, the Chartist Movement was falling to pieces, and many working men were becoming converts to the view that it was better to devote their attention to single, practicable reforms, such as the repeal of the Corn Laws or the enactment of the ten-hours day, rather than to kick vainly against the pricks of middle-class ascendancy.

Municipal as well as national and religious politics were continually agitating the citizens of Rochdale during these years. Up to 1825 Rochdale had no municipal institutions beyond its parish vestries and the ancient manorial courts, which fell into decay with the sale of the manor by Lord Byron. Two years after this sale, in 1825, an Act of Parliament was obtained, constituting the principal inhabitants a body of Commissioners for the lighting, watching, and improvement of the town, which was already supplied with water by a waterworks company established by Act in 1809 and with gas by a gas company similarly set up in 1823. These Commissioners continued to manage the municipal affairs with very inadequate powers until 1844. In that year Rochdale's sanitary condition was described, with that of other industrial towns, in the first *Report of the Commissioners of Inquiry into the State of Large Towns and Populous Districts*. Rochdale, the Commissioners were informed, had no regulations in force for draining the town. There were stagnant pools and open ditches in many parts. Good sewers existed in the main streets, but want of powers was a great obstacle to the provision of them elsewhere. There were no arrangements for the cleansing of house-drains, and there was a great want of local superintendence of cleansing operations. The principal streets were cleansed twice a week, but the unpaved streets were never cleansed. Nothing was done to cleanse the courts and alleys. The town had a Police Act (that of 1825), but it was not efficient. Public water was supplied by a joint stock company ; but the company's supply did not reach more than a fraction of the poorer classes, and many were still dependent on wells.

This description was fairly typical of conditions in most of the Lancashire towns. Bolton, working under a local Act similar in many respects to that in force in Rochdale, seems to have been somewhat better served ; but even Bolton made no provision for cleansing its courts, though it did deal fairly adequately with its house-drains.

Ashton-under-Lyne appears to have fared a good deal better, the poorer classes being supplied with water by the local company, though the charges were said to be much too high. Preston was about on a par with Rochdale; Manchester substantially worse, if one can go by the Commissioners' reports. Halifax was worse still; indeed, a good way worse than any of the Lancashire towns.

The result of these conditions was that death rates differed signally as between the richer and the poorer classes. The following chart (see page 53) is reproduced from this same *Report of the Commissioners on the State of Towns*: it shows very clearly how bad conditions were among the working-class inhabitants of the new industrial areas.

In 1844, the year of the *Health of Towns Report*, a new Act was obtained establishing an elective body of Commissioners smaller in numbers and chosen by the £10 householders on a fairly restrictive franchise but with considerably greater powers. The new body at once bought out the gas company—an issue which had been long in dispute—under conditions which assigned future profits to the improvement of the town. Further controversies followed. In 1848, when the Public Health Act was passed as the sequel to serious epidemics of cholera, the Commissioners refused to establish a local Board of Health under their auspices, and obtained instead, in 1853, a further Act extending their powers. Many of the citizens were opposed to this on the ground that it was high time for the town to seek incorporation under the Municipal Corporations Act of 1835, which would involve a less undemocratic franchise; and at length, in 1856, a Charter of Incorporation was procured, Jacob Bright becoming the first Mayor of Rochdale. The following year the powers of the Commissioners were transferred to the new Borough Council, which also took steps to set up a borough police force outside the jurisdiction of the county police. The area covered by the borough was, however, much smaller than the built-up town had come to be—for it was left unchanged from the area over which the Commissioners had established their sway thirty years before. In 1868 the area of the parliamentary borough was extended to cover the new suburbs and the villages which had been engulfed by the town's growth; but not until 1872 was the municipal borough extended to the same limits, or the town equipped with its own commission of the peace independent of the county magistrates. By that time it had provided itself with a public park, an infirmary, a town hall, and a public library—to say nothing of its famous manure works, started in 1867, which became the model for works for treating refuse on the "Rochdale System" in many other towns. Not only in the field of Co-operation did Rochdale become celebrated as a pioneer. The Borough Council had also bought out the water-works company in 1866.

I have spoken earlier of Rochdale's isolation in the days of the Industrial Revolution. As the town grew it had become imperative to provide it with improved means of transport. Stage wagons began to ply about 1775, and mail coaches about 1790, running twice a week from Manchester to Leeds. Soon there were rival services, and the number and variety continued to increase until the advent of the railway. In 1794 an Act had been obtained for building the Rochdale Canal, which was finished and opened to traffic as far as Sowerby Bridge, in Yorkshire, in 1798, and in the opposite direction to Manchester in 1804. This canal connected the town on the one hand with the Aire and Calder navigation, by which there was access to the Humber and the trade with Continental Europe, and on the other with Manchester and the navigations leading to the Mersey, to Liverpool, and to the American trade. Until 1838 Rochdale relied on the canal system for marketing most of its goods. In that year came the railway—the Lancashire and Yorkshire—superseding the coaches as a means of communication between Manchester and the West Riding towns. There were the usual controversies about the course which the line should take, local property owners offering strong opposition to the original proposal to carry it round the south side of the town. At length a line was settled on and the work begun, and by 1840 regular services were running and Rochdale's isolation was being finally broken down.

Such was the social and economic background against which the Rochdale Pioneers established their now famous Toad Lane Store. It is not, perhaps, greatly different from the background of a number of other northern towns which were transformed almost out of recognition by the advent of the factory system and of steam-power. There is, however, something peculiarly variegated and vigorous about Rochdale's development. I doubt if any other town of its size was equally prolific in religious controversies and foundations. New churches and chapels were continually being built, and among the dissenting congregations there were constant shifts, secessions, and foundations of new sects. The Unitarians were first in the field, their meeting going back to the exclusion of Robert Bath in 1688. The Wesleyans came next, founding their first Society in 1760, and building their first chapel in Toad Lane (where now stands the central store of the Pioneers) ten years later. The Baptists followed with their first meeting house in 1773; and the earliest Sunday Schools were begun in 1782. In 1806, as we have seen, came the Cookites, or Methodist Unitarians, as the sequel to Joseph Cooke's exclusion from the Methodist Connexion. The Friends built their meeting house in 1808, the Particular Baptists their Hope Chapel in 1810, the followers of the Countess of Huntingdon their St. Stephen's Church in 1811, and the Methodist New Connexion, which had started services in 1814, its own chapel in 1822. The Roman

Catholics built themselves St. John's Church by public subscription in 1829; and the Established Church built new places of worship in 1820 (St. James's) and 1835 (St. Clement's)—the latter out of the "Million Grant" voted by Parliament for the erection of new churches in the growing industrial towns. These are only a few out of many new places of worship built in the late eighteenth and early nineteenth century. The dissenters especially were continually outgrowing their spiritual homes, and were aided by the benefactions of devout manufacturers to erect new ones—usually of surpassing ugliness. Rochdale was the home of all the sects; and among them was the little sect of the Owenite Socialists, with their "rational religion" based on a rejection of all theological dogmas, from whom the original inspiration, though by no means all the original membership, of the Equitable Pioneers was drawn.

In Rochdale, this proliferation of sects was aided by the considerable immigration into the area, not only of workers, but of men with capital to give financial backing to their personal religious opinions. Congregations which gathered round an unorthodox preacher, but failed to find patrons wealthy enough to build chapels for them, had to subsist in hired rooms, and mostly soon died out. At best, they hired the chapels outgrown by their rivals, and from these they were apt to be driven out by the offer of higher rents by firms in search of warehouse accommodation. The original Store in Toad Lane began on the ground floor of a building of which the upper floors had been hired by one of these lesser sects. I fancy the vast variety of religious opinions and forms of worship was largely a product of the unhappiness of the time—an attempted escape into a world of the spirit from the oppressions and the monotony of the new industrial discipline. Yet the variety of religious experience existed among the rich as well as the poor, and was stimulated by Methodism in the widest sense of the term. No part of Wesley's teaching took stronger hold than that which made it a part of man's duty to God to achieve success in his calling; and the making of money came to be regarded as the test of this success. The Methodist employer set out to make money as his form of earthly service; and, having made it, he lived frugally still, and spent much of his wealth in efforts to save other men's souls. He was often ruthless in his ways of making money; and the Methodist teaching, with its other-worldly religious emphasis, did little to mitigate his ruthlessness. It did, however, make him generous in religious, though often not in secular, benefactions; and the fact that he and his workpeople attended the same places of worship, and after the church had driven them forth against Wesley's will came to be united in their hostility to the claims of the Establishment, served to mitigate for many the class antagonisms which were inherent in the economic confrontation of the two classes of millowner and factory hand.

The workmen who could not stomach this community were driven forth from the main dissenting connexions as well as from Mother Church. They found refuge in little chapels of their own under preachers who had also been driven forth, or they were impelled into complete revolt. But a complete severance from religion was tolerable to but few except in the biggest towns. It meant too much isolation, and too much deprivation of consolations which were sorely needed. Any religion that held men in communion with their fellows seemed to be better than none ; and only the few who could make a religion of Chartism—which had its own churches—or Co-operation—which had its “ rational religion ” and its Social Halls—could bear to break wholly away from the more theological brands of worship. The times were terrible for the poor—terrible for their drabness as well as for the physical privations which they required. Religion administered some comfort, and consequently the chapels were well filled. This was one great factor in breaking the spirit of working-class revolt and impelling the leaders of the workers into more sober courses of economic and political thought. Politically it led them towards union with the Liberal manufacturers who were the mainstay of the dissenting congregations. Economically it led them from revolutionary Trade Unionism and Chartism to the “ New Model ” Trade Unionism of the 'fifties and to the new forms of Co-operation which were developed under the inspiration of the Rochdale Pioneers.

IV.

THE ROCHDALE PIONEERS BEGIN

In 1835 Robert Owen and his followers established the Association of All Classes of All Nations, amid the collapse of the Trade Union and Co-operative Movements which had run their course over the preceding ten years. Through this new body, which by 1843, after a series of changes of name, had become the Rational Society, the Owenites continued their advocacy of the "New Moral World." They had ceased to be the leaders of a mass movement and had become a sect, preaching a new way of life in sharp opposition to the doctrines of all the religious denominations. Owen himself had severed all connections with Trade Unionism and with Co-operation in its trading aspects, and had become a complete visionary, expecting the immediate advent of the millennium and the realisation of all his dreams. But not all his followers were in the same exalted mood, or able to detach themselves so entirely from the claims of the "old, immoral world." There were indeed sharp cleavages of opinion among the leaders of the Rational Society—the "Socialists," as they had come to be generally called after their advocacy of the new "social system." The section headed by Owen himself came more and more to regard Owenism as a new "rational religion," with Owen as its supreme "father" or bishop and the Owenite "Missionaries" as its priests. This section continued to advocate with growing fervour the establishment of Co-operative Communities in which men and women, withdrawing from the old world, would live a new life of fellowship in accordance with Owen's doctrines. In 1839, as we have seen, the Socialists entered into possession of Queenwood, which they renamed Harmony Hall, and devoted to an attempt to work out in practice the principles of the new life. All sections of the Owenite and Socialist Movement gave their support to the Queenwood Community, but strong differences of opinion soon arose concerning its management. Its institution was made possible only by the support of a few wealthy men who, as converts to Owenism, placed their fortunes at Owen's disposal on loan for financing the new community. For this purpose Owen, with William Galpin and Frederick Bate, formed the Home Colonisation Society, which became the principal provider of the funds.

It soon appeared that there were two widely different views about the character which Queenwood ought to assume. Owen's working-class and other impecunious supporters, who were being called upon to contribute their weekly pence through the Rational Society, held that it should be a community in which all comers, irrespective of

means or class, should share alike and live together on terms of equality. They wanted a community of workers, all taking part in the labour of production and all entitled to participate in its fruits. But some of the wealthier Owenites took quite a different view, and wanted rather a religious community to which they could withdraw from the world without surrendering their customary standards of living. This second group, which secured Owen's support, got command at Queenwood, and proceeded not only to equip the settlement on a lavish scale far above working-class standards of living, but also to arrange for getting most of the manual work done by hired labourers who were not regarded as in any respect members of the community, or called upon for any acceptance of Socialist views. They also attached to Queenwood a school which charged fees beyond working-class means, and a boarding house which received middle-class visitors who did not desire to become full members of the community.

There ensued a struggle inside the Rational Society. George Jacob Holyoake and others denounced the perversion of Harmony Hall from its true purpose; and at the Socialist Congress of 1843 the provincial branches of the Rational Society, which were largely working-class, captured control, deposed Owen and his group from the governorship and superintendence of Queenwood, and put John Buxton, of Manchester, into office as governor. Buxton immediately introduced large changes, cutting down standards of expenditure, dispensing with hired labour, and insisting on the withdrawal of those members of the community who were not prepared to work regularly for its maintenance. But he found it already burdened heavily with debt, and the removal of the financial support of most of the richer Owenites made its continuance more and more difficult. Finally, in 1846, it was brought to an end, as we have seen, by the eviction of the remaining settlers at the orders of the assignees appointed to wind it up.

The struggle over Queenwood had a second aspect. Owen, as the result of his experiences in the years up to 1834, had come to the conclusion that the mass of mankind were unfit to be trusted with the powers of self-government, and would remain unfit until they had been rightly educated in the new principles. Accordingly he insisted at Queenwood on "paternal" government, and refused the claim of the settlers, backed by the working-class elements in the Rational Society, to be allowed to govern themselves. Buxton, when he became governor, introduced a large measure of self-government, but this involved further friction with the leaders of Owen's party.

There was, moreover, a cross current. Owen, from his famous denunciation of all the religions up to 1834, had been second to none in trouncing the "religionists," and this had attracted many of the

leading opponents of religion to the Socialist cause. But from 1835 onwards Owen was increasingly regarding his own doctrine as a new religion, and was coming to take up an attitude much nearer to deism than to atheism. This too led to sharp differences of opinion. Some of the Socialist "Missionaries," including Lloyd Jones, G. A. Fleming, the editor of *The New Moral World*, and Robert Buchanan, followed Owen; but others, headed by Charles Southwell and G. J. Holyoake, were militant atheists, and on the whole the working-class Owenites were inclined to follow them. Consequently the battle over the control of Queenwood tended also to become a battle between deists and atheists; and this battle became acute when in 1840 the Rational Society encouraged its missionaries to make before the magistrates a declaration which allowed the Owenite Halls of Science to be recognised as dissenting conventicles entitled to hold meetings on Sundays, and also constituted the missionaries themselves dissenting ministers in the eyes of the law. In order to make the required declaration the missionaries had to profess themselves Christians, and to declare their belief in a future life of rewards and punishments after death—assertions quite at variance with what Owen had previously taught. But Owenism was changing its character as well as its appeal, and a number of the leading missionaries made the declaration. Those who refused, including Southwell, Holyoake, and Thomas Paterson, of Edinburgh, soon found themselves in gaol for blasphemy, as the penalty for continuing their Sunday addresses; and Holyoake and his party formed the Anti-Persecution Union as a rallying point for the opposition to the new tendency in Owenite doctrine.

This account of the later developments of Owenism may seem to have little to do with the history of the Co-operative Movement; but it has in fact a great deal to do with it, for it was against this background that the Rochdale Pioneers made their new venture in 1844. Of the twenty-eight men* who formed the new Rochdale Society, at least half were definitely Owenite Socialists who had been actively concerned in the disputes which had beset the Rational Society during the preceding years; and these included nearly all the leading figures. Charles Howarth had been the local leader of the Owenites. There is extant a letter written by him to Owen in December, 1839, strongly urging that he should visit Rochdale under the auspices of the local branch, and saying that the Socialists had succeeded in converting many of the working- and some of the middle-class to their views. In addition to Howarth, William Cooper, James Daly, James Standring, John Collier, Benjamin Rudman, John Bent, John Garside, John Holt, Joseph Smith, the Ashworths, and the Tweedales had all been Owenite Socialists up to, or nearly up to, the time when the Pioneers' Society was established.

* If they were twenty-eight.

Nor had they been inactive in the disputes which had rent the Rational Society. Actually in 1844, while they were busy forming their new Society, Daly, Howarth, Cooper, Garside, Bent, Samuel Tweedale, and others indicated in Holyoake's paper, *The Movement*, their support of the stand he was taking over the affairs of the Queenwood Community. Branch 24 of the Rational Society—the Rochdale branch—was behind Holyoake and his party in demanding that Queenwood should be conducted as a community of workers and social equals, under self-governing conditions, and not as a paternalistic retreat for middle-class Owenites who were not prepared to labour in order to make it self-supporting by the sweat of their brows. It is, I think, impossible to doubt that the foundation of the Society of Equitable Pioneers was due in part at least to local disillusionment with the national proceedings of the Owenites, and to a desire to make a new start on more practical and democratic lines, and on a basis of working-class self-help.

This does not mean that Howarth and his fellow-Pioneers abandoned their faith in Owenite Socialism. Not at all. They felt that the leaders of the Rational Society were abandoning it, and that they were remaining faithful to the Socialist ideal. They did not at once abandon the Rational Society when they launched the Pioneers. Branch 24 of the Rational Society was still active in 1845, and Howarth was still a member of it. The Pioneers' objects, as laid down in their original rules, included the establishment of a "self-supporting home colony of united interests, or assistance to other societies in establishing such colonies." The Rochdale Pioneers adhered fully, despite what was going on at Queenwood, to the idea of "home colonisation"; but they wanted their colony, when they succeeded in getting it established, to be "self-supporting," and their notions about it were undoubtedly much less grandiose than Owen's.

In 1838 these local Owenites had set up their Socialist Institute, as most of the branches of the Rational Society in the leading towns were doing just about then. In some places the Socialists were powerful enough to build their own "Halls of Science," or "Social Institutes"; but the Rochdale Owenites could not afford to build, they could only rent a small building for their meetings and for those of other advanced bodies with which they were in sympathy. What they were doing was not very different in many respects from what was being done by a large number of religious sects all over the country. In the chapter on Rochdale itself we have seen what activity there was round about this time in the building of new dissenting chapels and meeting houses and in the establishment of new sects. The richer sects, or those which could find richer backers, built themselves new chapels; the poorer fell heirs to their vacated premises, or fitted in where they could in old warehouses or other

rented buildings. The Owenites were doubtless the pariahs of this movement; but their creed, if not a religion, was regarded by most of its votaries as a substitute for one, or even an antidote. The Rochdale Social, or Socialist, Institution was a sort of irreligious conventicle, a chapel for preaching a millennial gospel. And then the faith of its congregation in Owen—the “revered father” as he was often called—was rudely shaken by the proceedings at Queenwood and by the controversy over religious observances between the rival groups of “social missionaries.”

While the Socialist Institution was debating these developments, Chartism was replacing Owenism as the faith of the main body of the working class. Feargus O'Connor visited Rochdale on several occasions between 1838 and 1839, and between then and 1842 the demand for the People's Charter occupied the centre of the stage. A number of the founders of the Pioneers' Society were actively identified with Chartism during these years. David Brooks, John Kershaw, James Maden, James Manock, and John Scowcroft were all Chartists; and several of the Owenites, including William Cooper, the Ashworths, John Holt, and Benjamin Rudman, were also identified with Chartism. The Chartists and the Socialists were overlapping groups. Some of the Owenites contended that the Charter would be of no help to the workers, who could be emancipated only by education and by following the new way of life which Owen had pointed out; and some of the Chartists maintained that Owenism, like the agitations for the ten-hours day and the repeal of the Corn Laws, was merely diverting effort from the quintessential struggle for political power. But there were not a few who had a foot in each camp, or shifted from the one group to the other as the fashions changed. In one respect, of course, Chartism was much the wider movement, as it was not a religious or irreligious movement, and could gather unto itself Radicals who were adherents of any church or sect, or of none.

Then came the year of testing—1842—a bitter year of depression, unemployment, wage reductions, and desperate kicking against the pricks. Great strikes swept the North—including Rochdale—and were turned, under Chartist leadership, into strikes for the immediate concession of the Charter. The colliers, as well as the textile workers, came out on strike; and all together were beaten back to work by the pressure of sheer starvation. There was rioting, and arrests followed. One of the Pioneers, John Scowcroft, was active as a Chartist speaker during the strike; but in and around Rochdale things passed off quietly, thanks partly to John Bright and to the strong body of middle-class Radicals in the town.* The Rochdale Chartists were left after the strike licking their wounds in discouragement, as the Owenites had been left after the fall of the Grand National Consolidated Trades Union eight years before.

* See page 49.

The reaction was strangely similar. Just as the Owenites had retreated from Trade Unionism and Co-operation to plans of land settlement in ideal communities, so now the Chartist body, led by Feargus O'Connor, gave their scheme of land settlement pride of place. O'Connor, visiting Rochdale in 1843, converted the Ashworths to a belief in the Chartist Land Scheme; and they both went off later to settle down at Chartistville. Owen's land communism seemed to be failing at Queenwood; O'Connor preached the alternative gospel of peasant proprietorship. But by no means all the Chartists were ready to follow this new lead. Some broke away and joined the middle-class Radicals in the Anti-Corn Law League. Others were left, discouraged and uncertain, to debate with the Socialists, hardly less dissatisfied with their own leaders, what they had better do.

While they were still debating there were further industrial troubles. Early in 1844 broke out the weavers' strike, which has often been cited as having led to the foundation of the Pioneers. The operatives tried to get the masters to accept a standard scale of wages—or rather to agree to return to the standard scale which had been in force before wage cutting had set in during the years of severe depression. Many of the masters agreed—on condition that the scale should be accepted by all. Others refused, and the Weavers' Union then decided to adopt the policy—often employed before—of striking against the recalcitrant firms one by one, and supporting the strikers by means of weekly levies on those who remained at work. The strike failed, and it has often been said that the weekly levies made for it suggested the idea of the weekly payments which were resorted to in order to create the initial fund for the Pioneers' Store. I doubt if this view has any real substance. There was nothing novel in weekly collections for the support of strikers, and the adherents of both Owenism and Chartism were very familiar with weekly collections for their respective causes—for Queenwood and the Rational Society, or for the National Charter Association and the maintenance of a delegate at the Chartist Convention. No explanation is needed of the fact that the Rochdale Pioneers set out to make weekly collections as a basis for building up a fund. What else could they have done, having to appeal to poor men who could not, like a few of the richer Owenites, afford to put down large sums for the cause?

On the other hand the distress caused by the strike may well have been an important factor in determining the first step taken by the little group which met in 1844 at the house of James Smithies to talk over what they could do. By no means all the members of this group were weavers. Smithies himself and Joseph Smith were wool sorters, Howarth was a warper in a cotton mill, John Collier an engineer, James Tweedale a clogger, John Garside a cabinet maker, John Bent a tailor, James Daly a joiner, George Healey a

hatter, James Wilkinson a shoemaker, John Scowcroft a hawker, one John Kershaw a collier and the other a warehouseman, and David Brooks a block printer. The woollen and flannel weavers among the Pioneers included William Cooper, who had been originally a fustian cutter, the three Ashworths, Charles Barnish, John Lord, Benjamin Rudman, James Standring, James Manock, James Maden, and perhaps a few more. The weavers formed the largest group, as they did the most numerous trade in the town; but the outstanding leaders of the Pioneers were of different trades. The immediate necessities of the weavers no doubt gave urgency to the taking of some practical step, but beyond this it cannot be said that the Pioneers' Society arose out of the weavers' strike.

The first step in this, as in so many other cases of Co-operative origins, was the collective purchase and dividing out of a bag of meal. That was nothing novel; it had been done by poor men eager to save ha'pence many times before. Nor was there anything novel in the attempt to follow up this primitive act of co-operation by deciding to form a regular Co-operative Society. That too, as we have seen, had often been done; it had been done in Rochdale itself only eleven years before, when a group including some of the same persons had opened the earlier Rochdale Co-operative Store which had run from 1833 to 1835. The histories say that Charles Howarth himself had been the promoter of that earlier venture, but I doubt it, for he was only 19 years old when it began.* He was, however, certainly connected with it; and so were some of the others, including James Standring. They had not forgotten what had been done then, yet they made their fresh venture with every assurance of attempting something new. What was new about it? Or what did they believe to be new?

The common answer among Co-operators would probably be that the new thing, or what they thought to be new, was the device of "dividend on purchases"—that is, of dividing the trading surplus among the members in accordance with the amounts of their purchases from the Store. There is a legend of Charles Howarth thinking of this in the middle of the night, rousing his wife from sleep to tell her of his wonderful discovery, and sallying forth at once to communicate it to some of his principal co-venturers. This legend may be true, but it is abundantly certain that Howarth was not the original inventor of this particular device.

What the Rochdale Pioneers hit on, under Howarth's leadership, was not simply the idea of "dividend on purchases," but a combination of several ideas—none of them individually novel, but making up a total that was essentially new. These ideas were: first,

The other leaders of the 1833 Society seem to have been William Harrison, the Dissenting Minister; Thomas Ladyman, who had been Secretary of the Flannel Manufacturing Society of 1830; John Aspdon, who became the Pioneers' Librarian in 1853, and John Mitchell, grandfather of J. T. W. Mitchell.

democratic control, so that each member should have one vote, and not as in trading companies a number of votes corresponding to his investment of capital; secondly, open membership, so that anyone—at least up to a certain total number—could join the Society on equal terms with the original members; thirdly, a fixed or limited interest on capital subscribed to the Society; fourthly, the distribution of the surplus, after payment of interest and collective charges, in dividend to the members in proportion to their purchases; fifthly, trading strictly on a cash basis, with no credit; sixthly, selling only pure and unadulterated goods; seventhly, providing for the education of the members in Co-operative principles as well as for mutual trading; and eighthly, political and religious neutrality. There are other ideas which have sometimes been regarded as forming essential elements in the “Rochdale principles,” but these eight were, I think, the essential ideas which went to make up Charles Howarth’s “notion” and to provide the practical basis for the first rules of the Society of Equitable Pioneers.

Let us examine these eight ideas briefly one by one. The principle of democratic control—one man, one vote—was, of course, at the very root of the agitation for the Charter, and it is of the first importance for the history of Co-operation that the Rochdale Pioneers made it the foundation of their Society. That it was not adopted in many of the productive concerns which adopted the joint stock company structure—e.g., the Working-class Limiteds*—was fatal to the Co-operative development of such ventures. Many of the early Consumers’ Societies had to resist demands that voting rights, even if they should not be based on share capital, ought to vary with the amount of members’ purchases from the Store, and this principle was finally adopted by the Co-operative Wholesale Society, where the voting members are not individuals, but Societies of widely varying size. To adopt a similar principle in the retail Societies would have been a very different matter, and would have undermined the essentially simple democratic foundation on which the Consumers’ Co-operative Movement rests.

Open membership goes closely with equal voting rights. Where it does not exist it is always possible for the members of a successful Store to convert it into a source of private profit for themselves by selling at a profit to non-members or by admitting new members only with inferior rights. This has happened in the case of a number of the middle-class so-called Co-operative Societies, in which the original shares have sometimes risen to fabulous values. Where anyone by paying £1 can buy a £1 share and become a member on equal terms with the existing members, the £1 share can never rise in value above £1 and profit-making is effectually prevented. Moreover, withdrawals and transfers are under such conditions

* See pages 90 and 159.

easy to arrange. There was in the early days often a limit to this principle of "open membership," because the early Societies, including the Pioneers, often set a maximum on the number of shares that could be issued, and thus in effect limited the membership. This was done in the belief that when a Society reached a certain size it would be better to found a new one than to allow it to increase further; and the gradual abandonment of this idea by Co-operators in favour of completely unrestricted membership was a notable landmark in development, and also facilitated the absorption of small Societies, the growth of branches, and the operation of unified Societies over larger areas. The restrictions on size were never meant to encourage profit-making or to infringe the principle of democratic equality, but it was gradually realised that they might have this tendency, and they were given up. It was one of the weaknesses of Producers' Co-operation that it could not, in the nature of the case, deal with the problem of "open membership" in quite the same democratic way.

As for the third principle, it was nothing new to suggest that a fixed dividend should be paid on capital invested in the Society. The insistence on a fixed return to capital had been one of the first formulated of Owen's own principles. He had put it into force at New Lanark, where he had insisted on applying all profits beyond the fixed return to capital in providing for the welfare of his employees. He had made this fixed return to capital from the first a part of his advocacy of "Villages of Co-operation"; and it had become part of the general doctrine of Owenism, applied, for example—at least, in theory—at Queenwood, which was running its calamitous course at the time when the Pioneers began. On the other hand this principle had not been at all invariably applied by the local Co-operative Societies which had sprung up in the 'twenties and 'thirties. Some of them had received capital as gifts and others had divided their profits, if any, among their members according to the sums they had subscribed to the venture. Others had had to face the question of sharing between those who brought in goods of their own making for sale and those who bought them; and many had aimed at selling at cost price so as to leave no surplus for division.

The Pioneers, by making the payment of fixed interest on paid-up capital definitely a first charge on the trading surplus, gave those who joined the Society a solid reason for leaving their savings on deposit with it. They were, however, evidently fearful that this practice of paying interest on capital might, unless there were careful safeguards, lead them astray into the evil practices of capitalism; and they were accordingly at pains to limit the amount of capital which any member could hold. They set out with the notion that they were likely to need a certain minimum amount of capital, and thereafter a certain maximum amount per member, in order to

finance their operations; and accordingly they laid down that, whereas at the outset any member might acquire up to fifty £1 shares in order to raise the total capital as soon as possible to £1,000, thereafter anyone who held more than four shares should be under an obligation to sell them at the original price of £1 to new members as they joined, so as to keep the total capital at £4 for each member—neither more nor less. This principle had to be modified in order to meet the needs of members who might need to recall their savings when they were out of work or sick; and it was laid down that any member so circumstanced could sell all but one of his shares without losing his membership. In such cases the shares could be sold either to the officers of the Society at £1, or, by arrangement, to another member at any price that could be got. But as in practice a new member could usually buy a share at £1, it was unlikely that anyone would be willing to pay more than that for a share put up for private sale. The value of the shares was thus practically fixed at a maximum of £1, but they could, of course, have fallen to any extent if the Society had been a failure.

It seems clear that the Pioneers, when they fixed upon £1,000 as the amount of capital they wanted to raise, did not have in mind that the Society would ever need to grow to a great size. There were, as we shall see, times in their early history when they restricted the entry of new members, and showed some fear that if persons were allowed to enter freely the character of the Society might be changed by the admission of members who had no clear understanding of its principles. I think, too, that they expected, in accordance with the common practice in the 'thirties, that as the number of Co-operators increased new Societies would be formed in preference to their being added to the membership of those already in being. There was much to be said for this as long as the Co-operative Movement enjoyed no assured legal protection; for Societies were very much at the mercy, not only of absconding officials, but of sheer carelessness or misfortune among those entrusted with the care of their money. In fact other Societies sprang up in Rochdale soon after the Pioneers' Society was formed, and it was only after the Industrial and Provident Societies Act of 1852 had given the Movement an assured legal status that it could seem safe to allow unlimited expansion. The total capital of £1,000, at four £1 shares per member, seems to imply that the Pioneers were planning at the outset for a membership of 250. They had only 140 at the end of 1848, but in 1849 the failure of the principal local savings bank (Haworth's*) made a number of persons anxious to transfer what was left of their savings to a safer place; and the Pioneers' reputation was by then good enough to send their membership leaping from 140 to 390, and their capital

* Haworth's, not Howarth's—nothing to do with Charles Howarth. Both Howarth and Haworth were common Rochdale names.

from £397 to £1,194 by the end of the year. Their notions were thereafter permanently modified,* and they began to enrol members freely and to allow their capital to exceed the ratio of £4 per member without many qualms. They were, however, made the more eager to get proper legal security, and they gave keen support to the Christian Socialists, who, as we shall see, were mainly responsible for getting the Act of 1852 on the Statute Book.

With the principle of fixed interest on capital the Pioneers, under Howarth's influence, combined that of dividing the surplus left after payment of interest as a "dividend on purchases." It was long supposed that the Pioneers were the original inventors of this device, which has had so much to do with the solid growth of Consumers' Co-operation; but it has been gradually brought to light that a number of Societies had paid dividends to their members in proportion to their purchases long before 1844. The case of the Society at Meltham Mills in Yorkshire, which claims to have paid "dividend" since its foundation in 1827, is well known; and there is no reason to dispute the even prior claim of another existing Society, that of Lennoxton in Scotland, to have divided profits "by the consumpt," i.e., on purchases, as early as 1812. Nor is there any reason for doubting the claim of Alexander Campbell, who was one of the Owenite Missionaries and the "father" of Scottish Co-operation, that he fully expounded "dividend on purchases" to the founders of the Glasgow Co-operative Baking Society in 1822 and secured its adoption by the Cambuslang Co-operative Society in 1831, or indeed his further claim to have been actually consulted about it by the Rochdale Pioneers in 1843-4. It seems practically certain that "dividend on purchases" was in force, often in conjunction with other methods of distributing the surplus, in quite a number of the Societies of the Owenite period.

As evidence of this, additional to what has been brought forward by previous writers, it seems well worth while to quote the proceedings at a meeting of one of the most prominent London Co-operative Societies in 1832. *The Poor Man's Guardian* of April 7th, 1832, reported the following discussion at a meeting of the First Western Union Co-operative Society, in which Benjamin Warden, a prominent Trade Unionist and Owenite, was the leading spirit:—

"An interesting discussion ensued upon the propriety of altering the laws [of the Society] so as to allow a percentage to every member in proportion to the amount of his dealings. The members appeared to be generally of the opinion that the adoption of the proposition would be a considerable advantage, as it would confer immediate benefit upon all those who dealt extensively at the store, and remove the discouragements which the most zealous and persevering Co-operators had hitherto experienced.

* Though further trouble arose over this issue in 1869. See page 94.

"It was moved, seconded, and carried by a large majority: that every member of the Union shall receive a percentage upon his or her dealings, to be paid quarterly.

"The article requiring members to deal at the store to a certain amount was then expunged from the rules and regulations."

Here we have a quite definite adoption of the rule of dividend on purchases a dozen years before the Pioneers began business, not by a small local Society whose practice might have remained unknown, but by one of the leading Owenite Societies in London, under the auspices of Warden, who was the national leader of the Saddlers' Union and a prominent figure in successive Co-operative Congresses of the Owenite period. I am not suggesting that Warden ought to be regarded as the inventor of the "divi." Far from it. I think the tone of the report I have just quoted makes it clear that in 1832 the dividend on purchases was not regarded as a new notion. What I am saying is that it is inconceivable that by 1844 it had been quite forgotten by everybody, so that it needed to be independently reinvented by Charles Howarth. It is, of course, quite possible that Howarth himself had not heard of it, and did reinvent it, as a number of his colleagues, including James Smithies, who said so, undoubtedly believed. But I find it hard to credit that a device as well known as the "divi." had been only ten years before could have been completely forgotten by all the Co-operators who had been connected with the Owenite Co-operative Movement.

What is much more probable is that it was not forgotten, but frowned upon by the leaders of Owenism, who wanted any surpluses the local Societies could achieve to be paid over to aid the formation of Co-operative Communities instead of being handed back to the members. The leading Owenites were mostly very little interested in the growth of Co-operative store-keeping, save to the extent to which it could help them to finance their own plans. Owen himself was not at all interested. The remark which he made in 1836, on discovering the continued existence of Co-operative Stores in Carlisle, has been often quoted. "To my surprise," he wrote to *The New Moral World*, "I found there six or seven Co-operative Societies in different parts of the town, doing well, as they think, that is, making some profit by joint stock retail trading. It is, however, high time to put an end to the notion very prevalent in the public mind that this is the social system which we contemplate, or that it will form any part of the arrangements in the New Moral World."*

Such being Owen's view, it is clear that he and his followers would have given no welcome to the method of "dividend on purchases." From the standpoint of the Consumers' Co-operative Movement the great merit of the dividend has been that it has made it possible for

* Vol III., page 26.

Co-operators both to eat their cake and to have it. It has given the members a source of capital savings and, in conjunction with the payment of interest on capital, has encouraged them to leave their savings in the hands of the Movement, and thus has invaluable provided the local Societies with the capital needed for their growth. To Owen and the Community-makers this was not a merit but a defect; for it served to divert Co-operators from contributing to the foundation and support of communities and to attract them to building up the resources of their own local Stores.

I think this explains why "dividend on purchases," well known as it had been, was not widely adopted after 1834, and seemed to be a new invention when the Rochdale Pioneers made a success of it. The Co-operative Movement of the late 'twenties and early 'thirties was not Owenite in the sense that Owen was able to call the tune. It was largely inspired by Owen, but it was also predominantly under working-class leadership and closely associated with Trade Unionism. It was quite free to experiment with such devices as the "dividend" without caring greatly whether Owen approved or not. But this movement fell to pieces in 1834, leaving behind only two surviving elements—on the one hand a few local Societies, such as those of Lennoxtown and Meltham Mills, which carried on in isolation and continued to pay dividends without anyone outside knowing what they were doing, and on the other the bodies still connected with Owen through the Rational Society in its several phases. Among these latter we should not expect to find the "dividend" flourishing when all resources were being mobilised for the support of the Socialist Missionaries and for the establishment and maintenance of the Queenwood Community. It might well strike Charles Howarth, who had been only about twenty when the earlier movement collapsed, not indeed as a new discovery but as a bright revival of an extinct idea, that the Pioneers should begin business on a basis which would combine "dividend on purchases" with fixed interest on invested capital.

This, I believe, is the truth about the much-disputed question of the invention of "dividend on purchases." It takes no credit from Howarth or from his fellow-Pioneers; for the virtue lay not in the notion of the "dividend" by itself, but in bringing it into a right relation to other principles. Howarth was not the original inventor of "dividend on purchases"; but he was, what is much more important, the inventor of a new form of Co-operation.

With interest on capital and dividend on purchases went, in the Pioneers' plan, the fifth principle of strictly cash trading. There was to be no credit, though members in need could meet their difficulties by realising upon their shares. It has often been said that the Rochdale Co-operative Society of 1833 came to grief through extending credit to its members, and that the Pioneers had this in

mind when they framed their new rules. This is highly probable, and undoubtedly credit trading was a feature of many of the earlier Societies. It arose very naturally. Many of these Societies aimed, to the extent of their power, at acting as "Labour Exchanges" for their members' own products. Members brought things they had made and left them to be sold in the Store, and they got goods in exchange for them. Clearly they could not well be refused anything in payment until their own products had been actually sold, and accordingly they were allowed to take away goods to the estimated value of what they had brought in. If what they had brought then failed to sell, or had to be sold for less than the value put upon it, these members would find themselves in debt to the Store. Nor would it be easy to refuse credit trading to other members who did not bring products of their own for sale. So in the general crash of 1834 many Societies found themselves with bad debts which there was no hope of recovering, and many were forced to close their doors. This was a warning against the dangers of credit trading, and the Pioneers determined to profit by it. They must have been well aware that the refusal to give credit would greatly restrict their membership; for in those days of low wages and rapidly fluctuating trade conditions credit was an absolute necessity for many working-class households in bad times. But the Pioneers were not setting out to attract members on any terms. They believed firmly that the refusal of credit would be to the advantage of those who accepted this discipline by encouraging them to save up in good times, thus providing them with a reserve on which they could draw, in sheer necessity, when times were bad. It seemed an end well worth pursuing to rescue those who joined them from the habit of running into debt to shopkeepers, and thus leaving themselves defenceless against unemployment or sickness or accident. They were building a sort of Friendly Society as well as a Co-operative Store; and the stimulation of habits of thrift was one of their principal objects. They were thinking, as we have seen, in terms of a Society of limited membership and selective appeal. For such a Society the "no credit" principle was undoubtedly correct, though it meant leaving most of the poorest and the most irregularly employed workers outside to continue to deal at the so-called "badgers' shops," which gave credit freely and recouped themselves either by charging high prices or by supplying inferior goods.

The sixth principle, which went with the refusal of credit, was that the Co-operative Society should sell only pure and unadulterated goods. This was a principle of much more crucial importance a hundred years ago than it is to-day. Nowadays the consumers are to a considerable degree protected by the laws against adulteration and the sale of faked or insanitary goods. The protection is not complete even now, but it does go a long way. In 1844 there was

virtually no safeguard for the poor consumer against being put off with adulterated or unwholesome goods. He had to take what he was offered, especially when he was in debt to his supplier; and it was no small part of the foundation of Co-operative success that the Co-operative Stores could be relied on to supply only pure and unadulterated goods. This too, however, helped to shut them off from attracting the custom of the very poor; for the very poor could not afford to buy pure goods, even with the attraction of the dividend. The Co-operators never succeeded in reaching down to the lower levels of working-class income, and their success would have been much more limited than it actually was had there not been a substantial rise in wages for the main body of the industrial workers after the middle of the nineteenth century.

This takes me back to a further point which arises out of the reported discussion of the First Western Union Co-operative Society in 1832. This Society, on adopting "dividend on purchases," rescinded its previous rule which had compelled members to spend a certain minimum amount of money on purchases at the Store. James Daly and others, in the early days of the Pioneers, favoured the adoption of a similar rule, but were overcome by Howarth, who argued that any such compulsion would conflict with the essentially voluntary character of the new movement they were setting out to build. Insistence on a specified minimum of purchases might, moreover, have been difficult to reconcile in bad times with the rule against giving credit. It seemed better to trust, as the First Western Union had decided to do in 1832, to the incentive of the dividend to secure the requisite loyalty to the Store; though it had, of course, to be recognised that this would leave members free to buy elsewhere when they saw the chance of a bargain or felt the need of buying on credit. Incidentally, voluntarism was one way of transferring the burden of bad debts to the rivals of the Co-operative Society.

The seventh principle of the Pioneers was that their Society should serve as a means of educating its members as well as of promoting mutual trade. This educational aspect of the Pioneers' work is discussed more fully elsewhere. Here I need only stress the point that Owenism was, in its very essence, an educational movement, and that for every Owenite education in the principles of the new "social system" was a vitally important matter and a requisite for practical success. The Pioneers aimed not merely at enrolling members but at making good Co-operators of them in a very broad sense, including not only a clear understanding of the principles of Co-operative trading, but also a new outlook on the problems of citizenship and on the forces, moral and material, that were shaping the developing world of steam-power and large-scale production. This wide outlook made them encourage technical education as well as Co-operative education in a narrower sense, and it made them

eager to attend to the education of their children as well as of themselves. The range of Co-operative educational work, as we shall see, became less wide as other agencies stepped in to provide schools for the children and technical classes for the adults who wanted them. But the Pioneers could never understand the attitude of those recruits to the Movement who regarded it purely as a trading affair and opposed the allocation of any part of the trading surplus to educational work.

The eighth principle adopted by the Pioneers was that of religious and political neutrality. This did not mean, in 1844, exactly and in all respects what it would naturally be understood as meaning to-day. In the absence of a provision for religious neutrality the Pioneers would have been regarded by their contemporaries as adherents of the "rational religion" professed by the orthodox Owenites, or, alternatively, of the militant atheism preached by Holyoake and Southwell. Their aim was to dissociate their new Society from these forms of Owenism and to make entry open to all comers regardless of their theological opinions. But in their early days it is unlikely that they expected to attract anyone from the more securely established religious sects. Of the Pioneers themselves, James Wilkinson was a "Cookite," a brand of Methodist Unitarianism indigenous to Rochdale; John Garside was also a well-known local preacher; and John Kershaw and John Scowcroft were Swedenborgians also associated with the Unitarians. I cannot find that the others had any religious affiliations. It was only at a later stage that recruits came in from the Established Church, the Wesleyan Methodists, and other well-established religious bodies; and at the outset there was some suspicion of them among the original Pioneers. William Cooper was actually repudiated by the directors in 1861 for writing to Holyoake, at his request, a description of the attitude of members of the various religious persuasions inside the Society, contrasting Methodists and churchmen, greatly to the disadvantage of the former. By that time there had been a big incursion of new members following on the savings bank collapse of 1849, and the newcomers had risen to positions of influence in the Society. In the early days of struggle the position was different. The Society was open to persons of all religious opinions, but in practice only the unorthodox joined it. That was why it was able from the first to open its rooms without opposition for Sunday discussions—a practice which led to acute controversy when the strict Sabbatarians began to join. The Society managed to vanquish the Sabbatarians, but there were bitter battles, in the course of which the general meeting had on one occasion to adopt a resolution that no new members were to be admitted for the ensuing six months.

Political neutrality, again, did not mean quite what it would mean to-day. It meant, in practice, that the Society was to be neutral

between Socialists, the various brands of Chartists, and adherents of the Anti-Corn Law League. It did not mean, in practice, that Conservatives were expected to join; for in those days it is doubtful if such a creature as a "Conservative working man" had ever been thought of. The Tory Party had made no attempt then to organise itself on a popular basis. The issue between Conservatives and others arose only much later, after the passing of the Reform Bill of 1867 had given a substantial number of working men the vote. Then trouble did develop, so seriously that in 1869 and 1870 there was a considerable secession to form a rival Co-operative Society—the Rochdale Provident Society—mainly under Conservative leadership. Long before that a substantial band of Conservatives had joined the Pioneers' Society, encouraged by the Reverend W. N. Molesworth, Vicar of Spotland, who was an early convert.* At the outset there were no Conservatives in it, or expected to join. Political neutrality meant in practice neutrality between the rival factions which were then appealing for working-class support.

Perhaps this statement needs a little qualification, for there were, in 1844, certain leaders of the working class who called themselves Tories. We have seen that Richard Oastler, the leader of the Ten Hours Movement, called himself a Tory; and so did the Reverend Joseph Raynor Stephens, the excluded Methodist minister who was closely associated, in Lancashire, both with Chartism and with the crusades against the new Poor Law and for Factory Reform. But, though these leaders might describe themselves as "Tories," their followers would not have accepted the label as applicable to their own convictions. They were Chartists, or Ten Hours Men, or Socialists, or Radical Reformers, not Tories. Only as these movements died away, and the Liberal and Conservative Parties began to assume their modern forms, did it become possible to discover such a person as a "Conservative working man."

As conditions changed, the meaning of political and religious neutrality changed with them. What had meant abstention from faction fights within the working class came to mean neutrality in a wider sense, as between the two great organised parties which were contending for mastery of the Government, and as between church and chapel and the various brands of church and chapel doctrine. The working-class movement ceased to be mainly identified with irreligion or religious unorthodoxy; the recognised churches and

* William Nassau Molesworth (1816-1890) was the eldest son of J. E. N. Molesworth, Vicar of Rochdale, whose contests with the dissenters have been referred to in a previous chapter (see page 50). He was curate to his father in Rochdale from 1839 to 1841, but thereafter for three years held the living of St. Andrew's, Ancoats, in Manchester. In 1844 he returned to Rochdale as Vicar of Spotland, the living being in his father's gift. He became a strong supporter of the Pioneers, and accepted the position of arbitrator to the Society in 1862, when his father had refused. He sided with his father in the controversy over church rates and was a strong churchman; but in politics he was in his younger days something of a Tory-Radical, of the school of Oastler. He is best known for his *History of England from 1830* and his *History of the Reform Bill of 1832*, and he also wrote on education. There is a notice of him in the *Dictionary of National Biography*.

chapels ceased to outlaw Trade Unionism and Radicalism as they had previously done. Churchmen, Methodists, Baptists, and Presbyterians, as well as Unitarians, Universalists, Quakers, and members of peculiar sects of mainly local provenance, began to play an active part in Trade Union and Co-operative activity. Secularism and Co-operation, at first closely identified in the persons of their leaders, drifted apart, leaving only Holyoake to link them together in the public mind. Religion, which earlier in the century had almost entirely lost its hold over the better educated and more intelligent sections of the working class, achieved a remarkable recovery. Religious neutrality came to mean the domination of the Co-operative Movement largely by respectable Nonconformists of various denominations, aided by middle-class adherents many of whom were followers of Kingsley and Maurice and sought to make the Established Church an agent of social advance.

These eight principles—democratic control, open membership, fixed interest on capital, dividend on purchases, cash trading, supply of pure and unadulterated products, provision for education, and religious and political neutrality—were the foundations on which the new movement of Consumers' Co-operation, launched at Rochdale, was stably built. Other principles were added later, or came to be recognised as implicit in the character of the Movement; but these were the ideas of which the promoters were conscious as the basis on which they were setting out to build.

THE ROCHDALE PIONEERS TO 1874

The Rochdale Pioneers, in their original rules adopted in 1844, defined their objects in the following oft-quoted terms:—

“The objects and plans of this Society are to form arrangements for the pecuniary benefit and the improvement of the social and domestic condition of its members, by raising a sufficient amount of capital in shares of one pound each, to bring into operation the following plans and arrangements :—

1. *The establishment of a Store for the sale of provisions, clothing, &c.*
2. *The building, purchasing, or erecting a number of houses, in which those members, desiring to assist each other in improving their domestic and social condition, may reside.*
3. *To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages.*
4. *As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment, or whose labour may be badly remunerated.*
5. *That, as soon as practicable, this Society shall proceed to arrange the powers of production, distribution, education, and government ; or, in other words, to establish a self-supporting home colony of united interests, or assist other Societies in establishing such colonies.*
6. *That, for the promotion of sobriety, a temperance hotel be opened in one of the Society's houses as soon as convenient.”*

These objects, which I have numbered for convenience, may seem at first sight a curious hotchpotch. They are, in effect, a gleaning from the fields of Owenism and of earlier Co-operative experiment. The first and most immediate of them, the opening of a Store for the sale of the necessities of life, needs no comment. Out of it grew the modern Co-operative Movement. The second goes back to the projects of George Mudie and the London Co-operative Society of 1821.* When in 1868 the Pioneers did actually embark on house-building for their members, the notion of community-living implicit in the formulation of their original objects had dropped away. They built houses in order to provide sound dwellings at reasonable rents, not in order to carry out any project of mutual improvement through living together as they had originally designed. Their third object,

* See page 20.

the undertaking of manufactures on which to employ their own unemployed members or those in dispute with their employers over wage reductions, goes back to the "Union Shop" Movement of the early 'thirties. It is formulated in a way that shows clearly how little distinction there was in the minds of the Pioneers between Producers' and Consumers' Co-operation. They were setting out to be at one and the same time a Producers' and a Consumers' Society; and this seemed natural to them because all their endeavours were meant to lead up to the creation of a Co-operative Community on the Owenite model, in which the distinction between producers and consumers would not exist. We shall see later what happened when the Pioneers did actually launch out into production. It was not at all what they had in mind when their Society began.

Their fourth object, the purchasing or renting of land on which they could employ some of their unemployed or under-paid members in producing foodstuffs for sale in the Store, goes back to what had actually been done by Dr. King's Brighton Society about 1828, and by a number of others during the following years. It was in their minds both a step towards community-making and a way, less ambitious than the founding of a Co-operative Community, of satisfying the land-hunger which was then so common among the factory workers. It has to be borne in mind that under the conditions of domestic production which immediately preceded the factory system the workers worked largely in their own homes, and many of the better-off had a patch of land which they cultivated in addition to their industrial work. This had been very common among the Rochdale flannel weavers, and indeed in most of the Lancashire and Yorkshire textile districts. Even in 1844 there were still a good many working under these conditions, and of the factory workers many had been brought up on the land or under the half-agricultural conditions of domestic employment. It was not so difficult then as it would be now to suppose that unemployed factory workers could be set to grow things on the land without any special training. The very wide appeal both of Owen's Queenwood and of O'Connor's Chartist Land Scheme among the factory operatives shows how keen was the desire to get back to the land among a generation new to the discipline of the factory system. The Rochdale Pioneers never in fact purchased their "estate of land" or set their members to work upon it; but other Co-operators quite near them did. Jumbo Farm, near Oldham, famous in connection with the origins of the Co-operative Wholesale Society, was founded in 1851 as just such an experiment, and lasted for a full ten years after the more ambitious rival agrarian schemes of Owen and O'Connor had come to grief.

The fifth object, on which brief comment has been made already in the preceding chapter, declares the Pioneers' adherence to the full doctrine of "home colonisation" as it was being attempted at

Queenwood actually when they were drawing up their rules. To this all the previously declared objects were intended to lead up. This was their Utopia, for which their storekeeping and all the rest of their projects were regarded only as an imperfect and partial preparation. On top of this far-reaching declaration the decision to aim at establishing a temperance hotel comes almost incongruously as an anti-climax. It must not be taken as meaning that the Pioneers were a body of teetotallers. On the contrary, they had held some of their preliminary deliberations in the Weavers' Arms and some in the "Labour and Health" beerhouse. There were, no doubt, teetotallers among them, but even teetotallers had to meet in beerhouses when there was nowhere else to meet. Moreover, in the 1840's there were many temperance advocates who thought no harm of beer. Spirits, in the days when gin was dirt cheap, were the real enemies of working-class sobriety; and many a fervent denouncer of "Gin Lane" enjoyed his tankard of ale without a qualm. The Temperance Movement was in the 'forties just beginning to become identified with complete teetotalism, but there were many who still took the less extreme view. The Pioneers' temperance hotel never came into being; but the Co-operative Movement, by its refusal to deal in intoxicating liquor, can be held to have identified itself pretty thoroughly with this last of the original objects of the Pioneers.

The objects drafted, the next steps were to find a name and a set of rules that would be accepted as entitling the new Society to such legal status as it could enjoy before the days of the Industrial and Provident Societies Acts. The name, as usually happens, seems to have given a good deal of trouble, but there can be little doubt whence came the two distinctive words. "Equitable" had been a favourite word of Robert Owen's, and had been used in the title of one of his best-known experiments, the National Equitable Labour Exchange. "Equitable" meant, to Owenite Socialists, that the basis of their Society was to exclude capitalist exploitation, and was to be the fair exchange of goods as nearly as possible on the principles which Owen had laid down. "Pioneers," with its suggestion of launching out into a new world, may have been suggested by James Morrison's paper, *The Pioneer*, which had been the organ first of the Operative Builders' Union and then of the Grand National Consolidated Trades Union, and had been a fervent advocate of Co-operative ideas. It served well to express the sense of Howarth and his friends that they were originating something essentially novel. The name "Equitable Pioneers" had a very strong flavour of Owenite Socialism; it is yet another clear indication of the spirit in which Howarth and his fellow-Socialists were setting about their task.

As for the rules of the Society, which were drawn up by Howarth and Daly, the great point was to get a set of regulations which would

pass muster with John Tidd Pratt, the Government Registrar of Friendly Societies,* and would thus entitle the Society, as a Friendly Society, to such protection as the law allowed. There was, in 1844, no separate Act dealing with Co-operative Societies, and the only form of registration open to the Pioneers was under the Friendly Societies Acts of 1829 and 1834. These Acts, which required the rules to be certified by the Government's Counsel and then submitted to the Justices of the Peace, had not been designed for Co-operative Societies and gave little protection. Under them it would have been unlawful for the Pioneers to buy land for their proposed estate, or to trade with non-members, or to invest their funds except in Government securities. The law was soon to be altered by the Act of 1846, which contained a "frugal investment" clause giving rather wider powers; but the Pioneers had to act on the law as it stood in 1844, and accordingly they took as their model the rules of a Society which was a Friendly Society pure and simple. This was the Rational Association Sick and Burial Society of Manchester, another offshoot of Owenism, which had branched out largely into the creation of Friendly Societies or the conversion of existing Societies to Owenite objects. On the model of this body, founded in 1837, and still in existence, the Pioneers' first rules were drawn up and duly approved; but after the passing of the Act of 1846 amended rules were drafted, and, as we shall see, the trouble began.

The rules having been approved, the Pioneers got ready to begin business. After several refusals from landlords doubtful either of their principles or of their solvency, they succeeded in renting for £10 a year the ground floor of an old warehouse in Toad Lane, quite near the Yorkshire Street Social or Socialist Institution, which had been the Owenite headquarters. The upper floors of the Toad Lane warehouse were occupied by a dissenting chapel and school, and the Pioneers' premises were dingy and inconvenient. But they did their best to furbish them up with their own hands; and on December 21st, 1844, the Store opened with its meagre stock.† The capital of the Society at this historic moment was £28, eked out by a loan of a few pounds from the committee of the Weavers' Union.

At first the Store was opened only on two evenings a week, and the committee met weekly, not in Toad Lane, but at the Weavers' Arms, where there was a better room. But early in 1845 they decided to open every evening, and also to add tea and tobacco, for which licences were required, to the narrow range of groceries which they had stocked at the start. Their early takings were very small—

* Actually he did not acquire the title of Registrar till 1846. In 1844 he was called "Counsel for Certifying the Rules of Savings Banks and Friendly Societies."

† The official foundation date of the Pioneers' Society was August 15th, 1844. At a meeting held at the Socialist Institute on August 15th, it was formally resolved: "That the Society date its establishment August 15th, 1844." The persons present at this meeting were Miles Ashworth, James Bamford, James Daly, James Holt, John Holt, Charles Howarth, James Smithies, William Taylor, and James Tweedale.

from £4 to £7 a week; in their first full year's trading their total takings were £710, and their membership at the end of the year seventy-four. Their capital, however, had risen from the original £28 to £181, and they were able to show a surplus of £22 on the year's trade. From 1844 to 1848 progress was slow. In 1846 they made only six additional members, and then thirty in 1847 and the same number in 1848. Trade meanwhile grew to £2,276 in 1848, and capital to £397. The surplus in that year was £118.

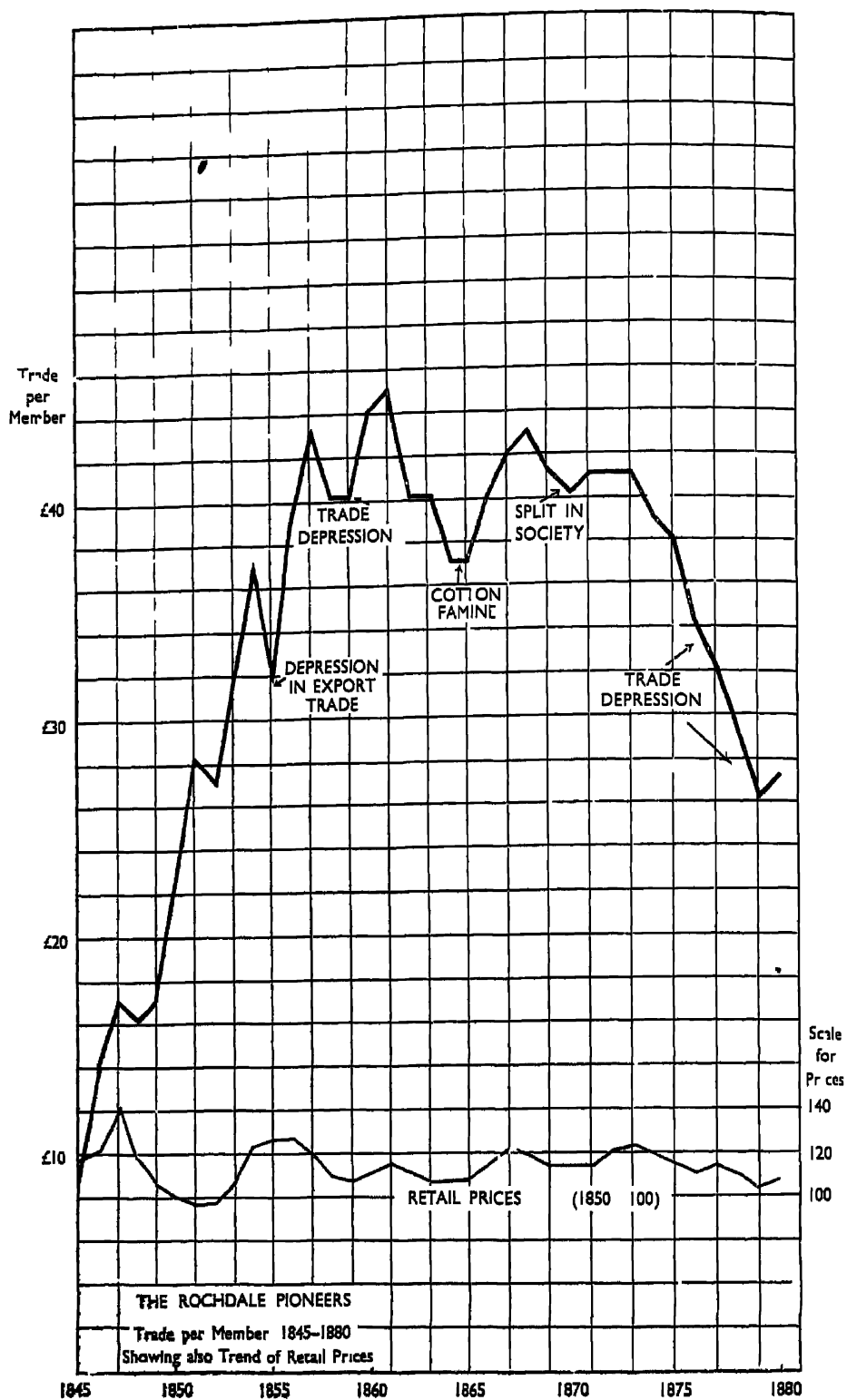
The turning point came in 1849, with the failure of the Rochdale Savings Bank. In that year membership rose from 140 to 390, trade from £2,276 to £6,612, capital from £397 to £1,194, and surplus from £118 to £561. The Pioneers were fairly established at last. The bank failure brought calamity to many of the people of Rochdale, but it was a godsend to the Co-operative Store.

In 1850 membership rose to 600 and sales to £13,180. Thereafter the pace of advance slackened, but the trend was not reversed. By 1855 there were 1,400 members, and turnover was nearly £45,000; by 1860 there were 3,450 members, and turnover was over £152,000. Meanwhile capital had grown steadily to £37,710, and the trading surplus to £15,906.

THE ROCHDALE PIONEERS

TRADE PER MEMBER (TO THE NEAREST £1), 1845-1880

Year	Trade per Member	Retail Prices (1850=100)	Percentage of Workers Unem- ployed	Percentage change in Rochdale Society's Membership on previous Year	Percentage change in Rochdale Society's Sales on previous Year	
1845	9	117	—	164	—	
1846	14	120	—	8	61	
1847	17	140	—	37	68	
1848	16	117	—	27	18	
1849	17	104	—	179	191	Savings Bank failure.
1850	22	100	4	54	99	
1851	28	97	4	5	34	Store open all day.
1852	27	97	6	8	-7	
1853	32	106	2	6	39	First Wholesale Rules.
1854	37	122	3	25	46	
1855	32	126	5	56	35	
1856	39	126	5	14	41	Wholesale Department.
1857	43	119	6	15	26	
1858	40	109	12	5	-6	Trade Depression.
1859	40	107	4	39	39	
1860	44	111	2	27	46	
1861	45	114	5	44	16	
1862	40	111	8	-10	-20	Cotton Famine.
1863	40	107	6	15	12	
1864	37	106	3	18	10	
1865	37	107	2	12	12	
1866	40	114	3	17	27	
1867	42	121	7	9	14	New Central Stores
1868	43	119	8	-1	2	opened.
1869	41	113	7	-14	-19	Split in Society.
1870	40	113	4	-4	-5	
1871	41	113	2	8	10	
1872	41	120	1	7	9	
1873	41	122	1	9	7	
1874	39	117	2	9	4	
1875	38	113	2	10	2	
1876	34	110	4	6	0	
1877	32	113	5	9	2	
1878	29	110	7	5	-4	Trade Depression.
1879	26	103	11	2	-10	
1880	27	107	6	2	5	



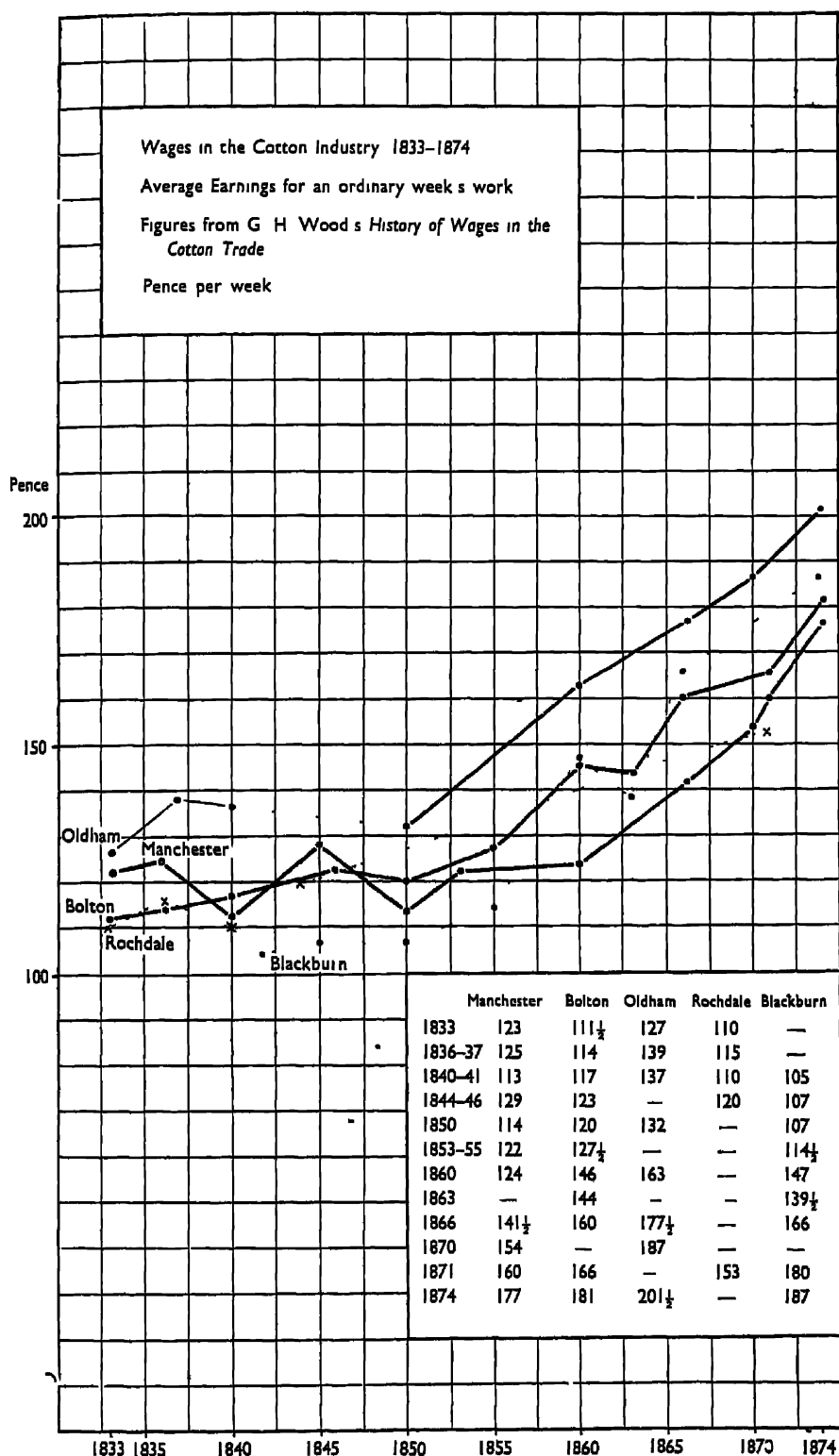
THE ROCHDALE PIONEERS' PROGRESS, 1844-1880

Year	Membership	Capital £	Sales £	Profit and Interest £	Membership Growth Per cent	Capital Growth Per cent	Sales Growth Per cent	Profits Growth Per cent
1844	28	[28]	—	—	—	[545]	—	—
1845	74	181	710	22	164	39	61	268
1846	86	252	1,147	81	37	13	68	—11
1847	110	286	1,925	72	27	39	18	64
1848	140	397	2,276	118	179	201	191	375
1849	390	1,194	6,612	561	54	92	99	59
1850	600	2,300	13,180	890	21	21	34	11
1851	630	2,785	17,638	991	5	25	—7	22
1852	680	3,471	16,352	1,207	8	23	39	39
1853	720	5,848	22,760	1,675	6	68	46	5
1854	900	7,173	33,364	1,764	25	23	35	76
1855	1,400	11,033	44,903	3,106	56	54	41	26
1856	1,600	12,921	63,197	3,922	14	17	26	39
1857	1,850	15,142	79,788	5,470	15	17	—6	15
1858	1,950	18,160	74,680	6,284	5	20	39	71
1859	2,703	27,060	104,012	10,739	39	49	46	48
1860	3,450	37,710	152,063	15,906	27	39	16	13
1861	3,900	42,925	176,206	18,020	44	14	—20	—2
1862	3,501	38,465	141,074	17,564	—10	30	12	12
1863	4,013	49,961	158,632	19,671	15	34	10	15
1864	4,747	62,015	174,937	22,717	18	24	12	11
1865	5,326	78,778	166,234	25,156	12	27	27	27
1866	6,246	99,989	249,122	31,931	17	27	14	30
1867	6,823	128,435	284,912	41,619	9	28	2	—10
1868	6,731	123,233	200,900	37,459	—1	—4	—19	—24
1869	5,809	93,423	236,438	28,542	—14	—14	—5	—12
1870	5,500	80,291	223,021	25,209	—4	—14	10	15
1871	6,021	107,500	246,522	29,026	8	34	9	16
1872	6,444	132,912	267,577	33,640	7	24	7	15
1873	7,021	160,886	287,212	38,749	9	21	4	5
1874	7,639	192,814	298,888	40,679	9	20	2	18
1875	8,415	225,682	305,657	48,212	10	17	0	5
1876	8,892	254,000	305,190	50,668	6	13	2	5
1877	9,722	280,275	311,754	51,048	9	10	—4	2
1878	10,187	292,344	298,679	52,694	5	4	—9	—5
1879	10,427	288,035	270,072	49,751	2	—1	5	—2
1880	10,613	292,570	283,655	48,545	2	2	..	..

This truly astonishing rate of growth, aided though it was by the savings bank failure and the consequent diversion to the Pioneers' Society of existing savings, was mainly due to other causes. By 1860 the working classes of England had put "The Hungry 'Forties" well behind them, and there had been a remarkable improvement in wages and conditions in most of the skilled trades. According to the estimates made by Mr. G. H. Wood, average money rates of wages in Great Britain rose between 1850 and 1860 by 14 per cent. As against this there was a sharp rise in the cost of living by about 11 per cent, but there was also much less unemployment, so that wages were much more regular than they had been. Real earnings in Lancashire undoubtedly rose more than these figures would indicate. Employers, especially in the cotton trade, showed an increasing readiness to recognise Trade Unions and to accept collective bargaining. It was not so much that the rates of wages paid by the better firms were increased as that there was much less rate-cutting by the worse employers and much more opportunity for the majority of the workers to earn a full week's wage. But rates of wages did appreciably increase after the serious wage cutting of the 'forties. In the woollen trade men power-loom weavers had been able to earn about 13s. or 14s. for a full week's work in 1839-40; by 1849 the average was about 10s. 9d.; by 1860 it had risen to about 18s. Spinners, a better paid group, could earn by 1860 from 27s. to 28s. a week. Even hand-loom weavers, who had been down to about 12s. in 1849, could earn from 15s. to 16s. in 1860.

In the cotton trade the course of wages had been largely similar. In Manchester fine spinners averaged about 28s. 4d. in 1848 and about 38s. in 1860. Medium spinners' wages rose over the same period from 22s. 8d. to 27s., and coarse spinners' from 16s. 6d. to 18s. Weavers working power-looms got about 16s. in 1849 and 18s. ten years later. Big piecers rose from 8s. 6d. to 10s., little piecers from 5s. 6d. to 6s. 6d. The increases were not very great, but they made a big difference taken in conjunction with the more regular employment. There were many more workers in the 'fifties than in the 'forties who could, and did, afford to save a little out of their still scanty earnings.

No doubt the accumulated capital of the Rochdale Pioneers came mainly from workers who were doing better than the average. The Co-operative Movement consolidated its position mainly by appealing to the better-off sections of the working class. There remained a large part of the working population that could afford to save nothing and continued to depend on credit allowed by the small private shopkeepers. But the number and the proportion of the relatively prosperous were increasing, and it was among these that the Co-operative Movement made most of its recruits, and from them that it built up its working capital.



Against this background the Rochdale Pioneers' Society grew rapidly during the sixteen years after the opening of the Toad Lane Store. In 1846—the year in which Abraham Greenwood joined—the Society started on a small scale the sale of butchers' meat, and also began to hold regular discussion meetings for its members on Saturday afternoons. In 1847 it opened its drapery department, beginning with a length of cloth printed by one of the original members, David Brooks, and rejected by the firm for which he worked. In 1848 came the first tentative start of a newsroom at which the members could see the newspapers and journals of the day; and in the following year it was resolved "That tailoring business be commenced under the direction of David Brooks." Moreover, in 1849 the Pioneers, having acquired the lease of the whole building at Toad Lane on the removal to the Water Street Chapel of the dissenting congregation which had occupied the upper floors, were able to open a newsroom and book department under a committee of its own. Abraham Greenwood was the chief moving spirit in this development. He had been active in the Chartist Movement, and in 1845, before joining the Pioneers, had helped to form the Rochdale People's Institute, which opened a library and newsroom in the town. This ran until 1850, when it was closed down and most of its library bought by the Pioneers, to whom thereafter Greenwood transferred his main loyalty. The Pioneers' Society profited by the demise of this body, as it did by the failure of the savings bank. As other institutions in the town declined the Society was able, with its greater stability, to enter upon their inheritance.

In 1849 James Daly, who had been secretary from the beginning, decided to emigrate to Texas, then the Mecca of many Owenites discouraged by the failure of the Queenwood Community. Daly never reached his land of promise, dying of cholera at sea; at Rochdale his place was filled by William Cooper, hitherto cashier at 3d. an hour, who now became secretary and piloted the Society through its period of rapid expansion until he left to take up office in the newly founded Co-operative Wholesale Society in 1863. In the following year, 1850, the Society, encouraged by the rapid increase in membership, trade, and capital, began to meditate the conquest of fresh worlds. The butchery department was moved out into separate premises; and, what was much more important, the Pioneers took a leading part in the establishment of a quite new venture—the Rochdale Co-operative Corn Mill.

Co-operative corn mills, as we have seen, were the earliest form of Co-operative venture, and had a long history behind them when the Rochdale Mill started in 1850. It appears that the original project at Rochdale was started, not by the leaders of the Pioneers, but by a quite independent committee which did not include even

one of the founders of the Store. But the project languished in the hands of the first promoters; and in August, 1850, the Pioneers agreed to invest £100, soon increased by a further £50 and by a loan of the amount (£285) needed to give them the balance required for making a start. In September, 1850, Charles Howarth became secretary of the Corn Mill committee, which was reconstituted so as to bring it effectively under the Pioneers' control. He retained this position only for a few months, until the Corn Mill Society had been fully constituted with Abraham Greenwood as president and a committee which included several of the leading Pioneers. Owing to bad management the Corn Mill went through troublous times during the first few years of its existence; but it gradually settled down to supply the needs not only of the Rochdale Society, but also of other Societies in Lancashire, and continued to flourish until, in 1906, it was finally absorbed by the Co-operative Wholesale Society. By 1860 it had a turnover of £133,000 and was making a profit of over £10,000. The Corn Mill Society had begun business in an old mill which it rented and repaired; but in 1856 it had built a new mill of its own, in Weir Street, at a cost of nearly £7,000.

In 1851 the Pioneers advanced a stage further. Hitherto their trade had been done mainly in the evenings, but now they decided to keep their Store open all day and every day. In 1852 they added a bootmaking and clogging department, and engaged John Bent to work for them as a tailor; and in 1853—the year in which J. T. W. Mitchell joined—there were a number of important developments. The tailoring department was put under a separate manager—Fielding Whitehead—at a wage of 24s. a week. Up to this point the newsroom and library had been financed by a separate subscription from those who wished to join, but in this year it was decided to make them free to all members and to meet the cost by applying to their maintenance $2\frac{1}{2}$ per cent of the trading surplus available for distribution. This allocation is of historical importance: it was the beginning of the educational fund which has become a feature of Co-operative finance. The Pioneers' Newsroom Committee was the forerunner of the education committee which every right-thinking Co-operative Society now appoints as a matter of course; and the allocation of $2\frac{1}{2}$ per cent of the surplus to education was the beginning of great things because it ensured that the sums voted to education would rise as trade increased.

The Pioneers had, of course, been sedulous for education from the very outset. Education figured among their original objects, and they would not have been the good Owenite Socialists that they were had they not given it a high place in their list of priorities. There were, however, difficulties, both legal and doctrinal, in their way. The Acts of 1834 and 1842, under which their original rules were registered, gave Friendly Societies no specific power to engage

in educational activities, but this was no obstacle as the Acts enabled Societies to be carried on "for any purpose not contrary to law." Power to provide for "the education of their children or kindred" was specifically included in the "frugal investment" clause of the Act of 1846; and accordingly the Pioneers were quite in order in including it in their amended rules. When, however, the Industrial and Provident Societies Act was passed in 1852, education was not included (probably by an oversight) among the permitted objects; and when the Friendly Societies Act was amended in 1855 the "frugal investment" clause was dropped, under the impression that the substance had been covered in the Industrial and Provident Societies Act. The Pioneers thereafter engaged in prolonged and fruitless controversy with Tidd Pratt, the Registrar of Friendly Societies, who refused to accept any rule authorising the Society's educational work. This difficulty was not got over until the passing of the Industrial and Provident Societies Act of 1862, which put educational activities in order with the law. But the Pioneers did not wait for the law to authorise their activities in the educational field. From 1850 to 1855 they had actually conducted a school on the premises of the Society, and their newsroom and library became a centre for a wide range of work in the field that we should now call "Adult Education." These things had to be done in face of the very long working hours which were then prevalent. Men were too tired at nights for regular study, unless they were of quite exceptional determination and powers of endurance. The one day when they could find leisure for real study and unhurried discussion was Sunday, and Sunday was therefore the most natural time for carrying on much of their educational work.

This, however, soon became a source of trouble. The incursion of new members in 1849 and 1850 had brought in many strict Sabbatarians who belonged to the Methodist and other dissenting groups. These new members were strongly hostile to the Pioneers' practice, inherited from the Owenites, of holding most of their educational meetings and discussions on Sundays, and in 1850 a great controversy developed over this issue. In the event the older Pioneers stood firm and the Sunday discussions were allowed to continue; but for a time there was a risk of a split, and the episode was the first occasion, but by no means the last, on which the newcomers who owed no allegiance to Owenite Socialism challenged the predominance of the original founders of the Society.

The year 1850, which saw the Corn Mill Society started on its career, is further notable for the first recorded venture of the Pioneers into the field of wholesale Co-operation.* In September, 1850, it

* It is possible that wholesale trading, in a rudimentary form, had begun long before this. The original Minute Book records a resolution passed on October 23rd, 1845, "That the purchasers have power to regulate the wholesale prices of goods in the Store." This suggests that even as early as 1845 the Pioneers may have been buying for some of the small Co-operative Societies which were set up in and around Rochdale soon after their own Society was started. *

was resolved "that letters be written to all Co-operative Stores informing them that a meeting will take place. Delegates to consider the best means of purchasing our goods together." This looks like the first formal proposal that a federal agency should be created for wholesale purchasing; but apparently the Pioneers at once resolved to make a start with wholesale trading on their own, for in November we find them resolving "that the shop be opened for wholesale on Mondays at 1 o'clock, and William Cooper and John Healey attend on the wholesale customers." Three years later we find in the Society's minutes a resolution, "That Joseph Clegg will look after the wholesale department," which is believed to mean that the wholesale activities were then being extended from groceries to drapery, and that Clegg was to take charge of the new drapery section. It seems clear that as early as 1850—and perhaps even as early as 1845—the Pioneers were setting out to some extent to act as suppliers to other Co-operative Societies in the neighbourhood. There were by this time several smaller Societies actually in and around Rochdale, and the Movement had taken firm root in neighbouring towns such as Oldham, where the two Societies which have maintained their existence to the present day were both started in 1850. There were close connections from the outset between the Rochdale and the Oldham Co-operators, whose outstanding leader was William Marcroft; and it is possible that one motive for the setting up of the wholesale department in 1850 was to aid the new Oldham Societies in getting firmly on to their feet.

The suggestion sometimes made that the function of the wholesale department in its early days was merely that of supplying individual members of the Pioneers' Society who wished to make purchases in larger quantities than were usual can be dismissed in the light of the evidence, though it is more than likely that owing to the legal obstacles in the way of trading with non-members the practice was for some individual representing a Society which made purchases from the Pioneers to join the Rochdale Society as a member. It is to be noted that the Society's revised rules of 1853 did make full provision for wholesale as well as retail trading; and but two years later, in 1855, the Pioneers appointed a special wholesale trade committee and were engaged on a large scale as wholesale dealers supplying neighbouring Societies under an arrangement reached as the outcome of a series of conferences of a number of Co-operative Stores in the Lancashire and Yorkshire region. It will be more convenient to leave over the discussion of this development until later, for it is closely connected both with the new impetus given to Co-operation by the Christian Socialists in the early 'fifties and with the later developments which led to the establishment of the Co-operative Wholesale Society.

In 1854 came a further big development—the establishment of the Rochdale Co-operative Manufacturing Society. The chief promoters of this new venture were Charles Howarth, William Cooper, James Smithies, and John Lord, among the original Pioneers, and Abraham Greenwood, whose influence in the Society had been increasing fast since his efforts had tided the Corn Mill over its early troubles. The venture was not, at the outset, on a large scale. It began with the renting of the ground floor of Bridgefield Mill and the installation of ninety-six power-looms, the power being supplied to the Society and to the other tenants by the landlord. This renting of power and occupation of a factory building shared with other firms was very common in those days. It enabled the man without much capital to make a start with the hope of moving into premises of his own when he had fairly established his position. This was no doubt from the first in the minds of the promoters of the Rochdale Manufacturing Society; and their business in fact soon began to grow. Before long they rented a second mill, in Duke Street, and launched out into spinning as well as weaving, with 5,000 spindles. In 1859 they felt sure enough of themselves to erect their own mill at Mitchell Hey to house both spinning and weaving departments; and three years later, despite the prevailing distress due to the Cotton Famine, they set out to build a second mill which began production in 1866.

It will be seen that the Pioneers, when they decided to launch out with production on a big scale, did not attempt to carry it on as a part of their own activities under the control of the general body of members, but helped to found a quite separate Society for the purpose. They invested capital in this Society and a number of their leaders were active upon its committee. Its manager, after a brief tenure of office by Thomas Collier, was John Lord, one of the original Pioneers. Similarly, four years earlier, the Corn Mill had been started not as a branch of the Pioneers' Society but as an independent venture. This was not because the leaders of the Pioneers felt any objection to employing their own members on the Society's business in manufacture, for they were already employing tailors, cloggers, bootmakers, and other craftsmen in departments run by the parent Society; but when it came to large-scale manufacturing or to flour milling the foundation of a separate Society seemed to them the natural course to take.

Why was this? Up to 1852 it might have been regarded as due to the lack of any adequate powers to conduct manufacturing enterprise under the protection afforded by the Friendly Societies Acts; and in fact many of the early ventures in Co-operative manufacturing were organised as joint stock companies in order to get the protection of Company Law. This difficulty, however, had been removed by the passing of the Industrial and Provident Societies Act of 1852, and

it was under this Act that the Manufacturing Society was registered. The real reason, then, was different. It was that the leaders of the Pioneers believed in Producers' as well as in Consumers' Co-operation. As long as they had been thinking in terms of the establishment of a Co-operative Community as the ideal towards which they were working the distinction between producers and consumers had been hardly present to their minds, and they had set out with the idea of employing as many as they could of their own members on productive as well as distributive work. But by 1854 the notion of founding communities had faded definitely out of their minds. That phase was over; the notion had been killed, except in the minds of a very few idealists, by the failure first of Owenite and then of Chartist efforts at community-making. The Pioneers had settled down to develop Co-operation not apart from the world as it was but in that world and subject to its limiting conditions. They had become realists, even if they had not shed their idealism.

As soon, however, as Co-operators ceased to think in terms of community-making and came to think in terms of trade and manufacture, the distinction between producers and consumers necessarily obtruded itself upon their notice. They began to think of the Society of Equitable Pioneers as a Society of Consumers, and the question at once arose whether such a Society could democratically become the employer of a large body of men and women engaged in factory production. Ought not these men and women to employ themselves and to govern their own affairs? Moreover, ought the Pioneers' Society to compel those who worked in a woollen or cotton mill founded under its auspices to be members of the Store? Would not such compulsion be in conflict with the voluntary principle on which they prided themselves as the foundation of their success? It seemed to them that the right answer must be to launch their manufacturing venture as a separate Society on the model of the numerous Producers' Co-operative Societies which had run their course during the Owenite period, but with much better prospect of success because now there would be no dearth of Consumers' Co-operative Societies able to offer a stable market for its products.

Accordingly the Rochdale Co-operative Manufacturing Society came into being as an entirely separate concern. The Pioneers' Society became a shareholder, but most of the capital was provided in small sums by individual members. The idea was, of course, that the workers in the mill should be at the same time shareholders and should receive interest on their capital holdings. But, in addition to this, the workers were to receive, as of right, a share in the profits as a bonus on their wages; and this was regarded as giving the Society its distinctively Co-operative character. At the outset the bonus was regarded as generous, the workmen receiving 4s. in the £ as an addition to wages, whereas the shareholders got 2s. in the £

on the invested capital. This, to be sure, gave the shareholders the very high return of 10 per cent; and with the advent of trade depression in 1857-8 it became clear that such payments could not be maintained, especially as the directors kept their workpeople on full time when most other mills were reduced to working short time. The conditions were then modified so as to allow a dividend of 5 per cent on the invested capital to be made a prior charge. Profits beyond this were in future to be divided at a uniform rate on wages paid and on invested capital. The position was thus reversed, the investors taking both a prior claim and a higher rate per £, than was allowed to the workers.

Even after these changes had been made dissatisfaction continued. There had been an inrush of new shareholders attracted by the prospect of a high return. In 1860 these newcomers made a determined effort to abolish altogether the "bounty to labour," as the bonus was then commonly called. When the matter was brought to a vote, 571 shareholders voted for abolishing the "bounty" and only 277 for retaining it. But the rules required a two-thirds majority for any alteration; and accordingly the modified bonus was left in being. This, however, was not the end. When the Cotton Famine smote Lancashire in the early 'sixties the directors again insisted on maintaining wages in face of the depression. This led to indignation on the part of the shareholders, who were in many cases out of work themselves; and in 1862 the opponents of the "bounty" returned to the charge and succeeded in getting the majority needed for abolishing it. The Co-operative Manufacturing Society was thus converted into an ordinary profit-making concern; and it is a significant fact that at the time when the change was made only about fifty of its 500 employees were actually shareholders.

Thus ended the great Rochdale experiment in Producers' Co-operation. The leaders of the Pioneers were bitterly disappointed at what they regarded as the shareholders' apostasy, and the news of the defection was a heavy blow all over the country to the cause of Co-operation as it was then understood. Yet one can see now that the leaders of the Society had no real cause for surprise. It was a common thing in Lancashire, especially in the area round Oldham, for cotton mills to be built up from small beginnings with capital contributed largely out of working-class savings. These concerns were commonly registered, not as Industrial and Provident Societies (i.e., Co-operative Societies), but as joint stock companies; but they often began with the idea that the workers in them should be as far as possible also the shareholders, and many of them paid for a time a "bounty to labour." It was also common for ordinary profit-making concerns in the cotton industry to raise part of their capital in "loan stock" supplied by working people. But it was found that in most cases workers who invested money in cotton

mills preferred not to invest it in the mills in which they were employed; for if they did this they ran a big risk of losing both their wages and their dividends if their particular mill fell on bad times, whereas there was more chance of avoiding the double loss by placing their savings elsewhere. Gradually those mills which had been started largely with working-class capital and under working-class control abandoned both the "bounty to labour" and the notion that their workers ought to be shareholders, and turned into ordinary profit-making joint stock concerns. The Rochdale Society was early in the list of these failures, and its fall was more resounding than the rest because it had been started with more idealism and under the auspices of the Pioneers, to whom the entire Co-operative world looked for leadership. But it was not a surprising failure; it would have been surprising if it had not happened as soon as the Manufacturing Society fell on bad times and there came to be a direct conflict between the shareholders' and the workers' claims.

In order to tell the whole story of the Manufacturing Society I have run a good way ahead of the general history of the Equitable Pioneers. In 1855—the year after the foundation of the Manufacturing Society—came, as we have seen, the expansion of the wholesale department as an agency for supplying other Societies, though regular business on the new basis was not in operation till the following year. In that year (1856) the Corn Mill Society erected a new and bigger mill, and the parent Society also launched out on a new venture by opening its first branch in Oldham Road. This was done under strong pressure from a group of members up that end of the town headed by Thomas Cheetham, who had joined the Pioneers in 1854 and was rapidly rising to a position of high influence in their counsels. This new policy of opening branches was embarked upon with some misgivings because it was realised that it would be likely to lead the Pioneers' Society into competition and conflict with other Co-operative Societies in the neighbourhood of Rochdale. In the following year (1857) this danger was averted for the moment by the agreement of the Castleton Co-operative Society to be absorbed and to become a branch. But it recurred in 1859, when, under pressure from a section of the members, the Pioneers agreed to open a branch at Bamford in direct competition with the independent Society at Hooley Bridge and in face of its protests. Thereafter branches were multiplied without hesitation and a number of small independent Societies were taken over. In 1860 the first branch newsroom and library was started at Oldham Road, and in 1862 the Pioneers built a new store at Castleton and bought land in the centre of Rochdale for the purpose of erecting a big central store worthy of their growing importance and membership. The central stores were opened with a big public ceremony in 1867, John Bright being among the speakers; and before this

the Society had built for itself a number of new branch stores, as well as opened branches in rented premises. In 1868, as we have seen, they went on to cottage building, thus realising one of the objects they had set before themselves at their foundation nearly a quarter of a century before.

This venture into cottage building by the Pioneers' Society itself was, however, preceded by the setting up in 1861 of a separate body, the Rochdale Co-operative Land and Building Company, for the purpose of erecting houses for operatives—"such houses," the prospectus announced, "to be the joint property of the occupiers and others taking out shares in the Company." It was proposed to raise for this purpose £25,000 in shares of £1; and in 1862 James Smithies became secretary of the new venture, and eighteen houses were actually built. By 1864 the number of houses had risen to twenty-five: and the Company continued in being at any rate until 1889, after which date I can find no mention of it. Possibly it was taken over by the Pioneers when they decided to launch their own building venture; possibly it ceased after that date to have any connection with the Pioneers' Society. From 1861 to 1868 it was regularly mentioned in the annual Almanacks issued by the Pioneers, and was clearly regarded as ranking with the Corn Mill and the Manufacturing Society, among their auxiliary activities. In the same way they launched, in 1860 or 1861, the Rochdale Equitable Provident Sick and Benefit Society, presumably as a Friendly Society of the ordinary type. The last of these independent ventures, the Rochdale Industrial Card Making Society, began work in 1869, and lasted until 1875. It was a Producers' Co-operative Society, with works at Church Stile, and announced itself as managed on the principle of the "bonus to labour." In contrast to these separate ventures, in 1868 the Pioneers decided themselves to undertake the manufacture of tobacco; and a department was set up with William Cockshott as manager.

This account of the growth of the Pioneers' Society in the 'sixties is the more remarkable because it had, during the first half of the decade, to face the abnormal stresses of the Cotton Famine caused by the American Civil War. Deep as was the distress in Rochdale for several years, there was but one year, 1862, in which the Society suffered any serious setback. In that year membership fell by 400, capital by £4,500, and sales by £35,000; but in 1863 both membership and capital surpassed the levels of 1861, and by 1864 sales also had regained the previous record figure. During the years of the Famine the Society paid out £22,000, and its stability was an important factor in enabling the town to weather the storm with much less distress than most of its neighbours. Rochdale was also helped by not depending entirely on the cotton trade; the woollen industry was in fact benefited by the shortage of cotton

supplies. There was, however, much privation, which the Pioneers gave notable help in relieving to the best of their power.

In all the ventures of the 'sixties can be plainly discerned the result of the rapid growth of the capital at the disposal of the Pioneers. In 1854, ten years after the foundation, they numbered 900 and their capital was £7,173. Ten years later, in 1864, their membership had risen to 4,747 and their capital to £62,000. Capital had risen from £8 to £13 per member, and in addition there had been large investments by members in both the Corn Mill and the Manufacturing Society. In 1864 the Corn Mill had a capital of nearly £47,000, and the Manufacturing Society of £83,000.

This accumulation of capital would have been out of the question unless there had been a quite substantial improvement in the economic position of a considerable section of the working class. As the available capital increased the Pioneers found themselves with more money than they needed to finance their trading activities, and with the knowledge that it would be easy to add to their capital resources if they so desired. The Corn Mill and the Manufacturing Society were both outlets for surplus capital which the members were ready to invest; and when the Manufacturing Society had elected to go its own way and repudiate the Co-operative principle it was natural for the Pioneers to look for ways of expansion within their own Society. Hence the development of branch stores and the extension of their trading area, and hence the decision to move out of the inconvenient group of shops which they had gradually taken over in Toad Lane into premises which would clearly mark them out as the most considerable trading establishment in the town. That they could get with ease all the capital they needed for these developments was shown by their progress during their third decade. By 1874 their membership had risen to 7,639 and their capital to nearly £193,000—£25 per member, as against £13 ten years before. By that time sales were nearly £300,000 and the surplus for the year was over £40,000.

There was at certain periods in the history of the Society a tendency among the members to regard as an embarrassment the rapid growth of the capital placed in its hands. When the available capital came to exceed what could be profitably employed in the Society's own business, the committee did not quite know what to do with it. To leave it idle would mean that the interest on it would have to come out of the surplus which could otherwise have been devoted to payment of dividend on purchases. This involved reduced dividends, which were unpopular; but the alternative of investing outside the Co-operative Movement was hardly less unpalatable. The launching of the Corn Mill, the Manufacturing Society, the Land and Building Company, and other auxiliary bodies was valued as providing an outlet for unwanted capital which

members would otherwise have invested in the Pioneers' Society. In 1869 we find the Society actually giving notice to non-purchasing members and to Sick Societies to withdraw their deposits, in order to reduce the unproductive capital; and the Society's decision that year to launch out with its own house building was probably prompted by the desire to find a productive use for its rapidly increasing capital assets.

Indeed, about this time the Pioneers' Society was evidently undergoing considerable pains of growth. The difficulties appear to have been greatest in the three years 1867, 1868, and 1869. An article in the Almanack for 1872, entitled "Retrospective," informs us that during these years "the Society suffered from a panic which proceeded from itself"—i.e., not from the trade depression which was then in being. There was "first, a feeling of distrust in the Society's servants, then a hankering after larger dividends, some of which were made by very large returns upon some of the Society's investments; these failing, the dividend had to be made by making larger differences between costs and selling prices. This resulted in a deterioration of quality in the articles kept for sale in the shops, thus falling away from one of the first maxims of the founders, that the Society should be supplied with the best of everything; lastly, an absolute discouragement to the retaining of the savings of the members, on the ground that an excessive capital ran away with the profits of the business, and thereby made the dividend less."

This same article goes on to say that "the Society was divided in itself, one part recommended one set of principles for guidance, the other nearly the opposite. The result was personality, a feeling of insecurity on the part of investors, a loss of members, and of capital and business to a very large extent. This panic proved more disastrous to the Society than 'The Cotton Panic' itself."

The disputes here mentioned led to the split in the Pioneers' Society which occurred in 1869, when the manager, having been discharged, took with him a substantial section of the membership and set up the rival Rochdale Provident Society, which remained in being until it was reabsorbed by the Pioneers as recently as 1933. Membership fell from 6,823 in 1867 to 5,560 in 1870, and capital from £128,000 to £80,000. But thereafter recovery was rapid. By 1873 membership exceeded 7,000 and capital £160,000.

The Pioneers did not rise to this position without hostility from the shopkeepers. In 1859, when Richard Cobden was candidate for the borough, a section of the private traders attempted to raise prejudice against him by asserting that he and his principal supporters, including John Bright, were actively associated with the "Store." This produced a denial from Bright and others that they had any connection with the Pioneers' Society. They were, however, always friendly to it, and Bright in particular passed many eulogies on

the benefits of Co-operation to the working class. The leading Co-operators were strong supporters of Cobden at this election, and with the disappearance of Chartism there had been a general rallying of working-class opinion to the side of the Radical section of the Liberal Party. Moreover, as the Pioneers' Society grew, the old Owenite and Chartist elements in it became submerged by the influx of new members. The Society was neutral in politics, but it came in practice to be closely identified with Liberalism in local affairs. So much was this the case that about the time of the split which resulted in the foundation of the Provident Society another secession took place, and the Rochdale Conservative Co-operative Society was established. Similar Conservative Co-operative Societies were set up in a number of other Lancashire towns; but the development never extended to the country as a whole.

The influx of new members brought with it, as we have seen, a large new element attached to church or chapel. Apart from the dispute over Sunday meetings to which reference has already been made, this influx did not lead to any great trouble inside the Pioneers' Society until the quarrel over the "bounty to labour" became acute in connection with the Manufacturing Society's affairs. In the midst of this controversy George Jacob Holyoake, who was then editing *The Counsellor*, wrote to William Cooper, who was secretary of the Pioneers' Society, asking what line members of the different denominations were taking over the "bounty" question. Cooper replied, saying that in favour of the "bounty" "Secularists voted as one man, next the Unitarians, after them churchmen. Against the principle were a united party from the Milton Church (Independent), after them the Methodists, and a number from other sects ranged on the same side."* The publication of this report, giving Cooper's name, led to a repudiation by Abraham Howard, then the president of the Pioneers, and to a suspension of Cooper from his office as secretary. Howard, in his letter to *The Counsellor*, declared that the principles of the Rochdale Co-operators were "first, not to inquire into the political or religious opinions of those who apply for membership into ours or any of the various Co-operative Societies in our town; secondly, that the consideration of the various political and religious differences of the members who compose our Societies should prevent us from allowing into our councils or practices anything which might be construed into an advantage to any single one of each sect or opinion." Howard went on to quote from the Society's Almanack of 1860 to the effect that "The present Co-operative Movement does not intend to meddle with the various religious or political differences which now exist in society, but by a common bond, namely, that of self-interest, to join together the means, the energies, and the talents of all for the benefit of each."

* *Counsellor*, September, 1861.

This is certainly not language which would have been used by the original Pioneers of 1844. They would never have described "self-interest" as the one bond by which they were to be held together. The Rochdale Society had travelled far indeed from its Owenite Socialist origins when its president could proclaim such doctrine on its behalf. Fortunately the dispute was not pushed to an issue. Cooper was soon reinstated in his duties, and everything went on much as before. But the dispute over the "bounty" had been bitter while it lasted, and it had come to be tangled up with a dispute among the religious groups. Had the Manufacturing Society not been a separate body free to go its own way without affecting the fortunes of the Pioneers, the breach could not have been so easily healed.

Readers will have observed that churchmen were cited by Cooper as among those who in general supported the "bounty to labour." This was doubtless a result of Christian Socialist influence; and, before we go further with the story of Co-operation, we must consider this influence and attempt to evaluate the Christian Socialist contribution to Co-operative development. This demands a chapter to itself.

VI.

CHRISTIAN SOCIALISTS, REDEMPTIONISTS, AND TRADE UNIONS

The Christian Socialists—John Malcolm Forbes Ludlow, Frederick D. Maurice, Charles Kingsley, and their colleagues—became interested in the Co-operative Movement mainly from the angle of Producers' Co-operation, and during the period of their activity in it gave most of their attention to the establishment of Working Men's Associations for Co-operative Production. These failed; but over the same period the Christian Socialists performed a vitally important service to the whole Co-operative Movement by helping to place on the Statute Book the Industrial and Provident Societies Act of 1852—the law which first gave Co-operative Societies a recognised legal status and a reasonably satisfactory measure of protection for their funds. Christian Socialism as an organised movement lasted for no more than seven years, beginning with the issue of *Politics for the People* in 1848 under the immediate stimulus of the French Revolution of that year, and ending in 1854 when its leaders wound up their Society for Promoting Working Men's Associations and diverted their attention to the cause of popular education and the founding of the Working Men's College in London.

It is a curious fact that the Christian Socialists, when they first launched out on their attempt to foster Producers' Co-operative Societies of working men, seem to have known practically nothing about all the previous attempts that had been made in Great Britain to achieve this very thing. They soon learnt about these earlier movements and discovered that they were still in being; but at the outset they derived their inspiration to form such Societies entirely from France. It is indeed clear that but for one man there would never have been a Christian Socialist Movement, or at all events there would have been none concerning itself mainly with Co-operation. This one man was John Malcolm Forbes Ludlow; and it happened that he had been brought up in France and was at once intimately acquainted with French Socialist and Co-operative ideas and almost entirely ignorant of their British equivalents. Returning from a visit to Paris fresh from the enthusiasms of the Revolution early in 1848, Ludlow told Kingsley and Maurice of the great things that were doing there among the workmen who were busily carrying out the ideas of Buchez and Louis Blanc by forming self-governing Producers' Associations and urging the new Government to accept Blanc's plan of "National Workshops" under the auspices of the State. Ludlow managed to fire Maurice, then Professor at King's College, London, and leader of the "Broad Church" party in the

Church of England, with his enthusiasm ; and Charles Kingsley, a young country clergyman full of generous sympathy for the poor and even then busy writing *Yeast*, responded more ardently. The occasion was propitious. Ludlow had come back from Paris just at the moment when the English Chartists were organising their mass demonstration to present to Parliament the Third Chartist Petition ; and the fiasco of the great Kennington Common meeting, which showed up the real weakness of the Chartists, had left many men looking eagerly for a new political and social lead. Ludlow and his associates plunged straight into the fray by placarding London, only a few days after the Chartist affair, with a manifesto addressed to the workmen of England, written by Kingsley and signed "A Working Parson." In this first pronouncement of the embryonic movement nothing was said about Co-operation. The workmen were adjured to believe that the Charter would not cure their ills unless it were accompanied by a moral reformation. Assuring the workmen of the sympathy with their wrongs of "almost all men who have hearts and heads," it urged them not to mistake licence for liberty, and ended "Workers of England, be wise, and then you *must* be free, for you will be *fit* to be free."

Kingsley's manifesto had in it more of fervour than of positive content ; and the further proceedings of the Christian Socialists in 1848 and 1849 indicated that the group which formed itself round Maurice and Ludlow had still very little idea of what it wanted to do. It felt a great moral urge to do something to show its appreciation of the wrongs of the poor ; but only Ludlow had from the first a clear notion of what that something should be. In May, 1848, they began to publish a journal, *Politics for the People*, most of which was written in the same high tone as Kingsley's placard. Here appeared the first of the famous articles written by Kingsley under the pen-name of "Parson Lot"; and Ludlow wrote about events in France, extolling the Revolution and exposing the corrupt decadence of the French monarchy under Louis Philippe. But there was still nothing of a programme—only a denunciation of the appalling conditions under which the poor lived, coupled with a call to the whole nation for moral and social reformation under the leadership of a purified church open to all Christian believers. *Yeast* appeared the same year in *Fraser's Magazine*—a vivid exposure of the evil conditions of the countryside and of the decay of the aristocratic spirit of service.

In the following year the group was further stimulated by the dreadful revelations about slum conditions and the sweating system contained in Henry Mayhew's *London Labour and the London Poor*, a telling picture based on detailed first-hand investigation. Kingsley and others were impelled to go and look at these conditions for themselves, and came back appalled at what they saw. Kingsley wrote his famous tract, *Cheap Clothes and Nasty*, about the London

sweat-shops, and it was published in January, 1850. He also set about writing *Alton Locke*. Meanwhile, in April, 1849, the little group of middle-class Christian Socialists had begun to meet regularly with a group of working men headed by Walter Cooper, a tailor, brother of Thomas Cooper, the well-known Chartist poet, but not related to William Cooper of the Rochdale Pioneers. To these meetings came, among others, Charles Sully, a bookbinder from France, who knew the French movements for Co-operative Production, and Lloyd Jones, the former Owenite Missionary, who was in touch with all the surviving Owenite and Co-operative groups. Ludlow there found support for his views upon self-governing workshops ; and gradually a programme began to take shape. Fired by the revelations about conditions in the London clothing trades the group decided to make a first experiment by launching under Walter Cooper's management an Association of Working Tailors, which actually started operations in Castle Street, off Oxford Street, early in 1850. Moreover, out of these meetings developed the Society for Promoting Working Men's Associations, formed in June, 1850, to take charge of the general work of the growing movement.

Unless the Christian Socialists had been at the start utterly aloof from current social movements among the working classes they would not have been ignorant that the movement for Co-operative Production, so far from being non-existent in Great Britain, had actually experienced a considerable revival in the second half of the 'forties after the Owenite failure at Queenwood. Even before the Queenwood Community had been wound up ingloriously in 1846 the Trade Unions had taken fresh steps to revive the ideas of Co-operative Production which had been prevalent in the days of the Grand National Consolidated Trades Union. In 1845, largely on the initiative of John Drury, the leader of the Sheffield Trade Unionists, a Trades Union Conference held in London formed the National Association of United Trades for the Protection of Labour—in form a revival of the body similarly named which John Doherty had established in Manchester fifteen years before. Like Doherty's Association the new body took as its main objective resistance to wage reductions, with which the Trade Unions had been made all too familiar by the prolonged depression of trade. The N.A.U.T.P.L. was not, like the Grand National Consolidated Trades Union, to take away the autonomy of its affiliated Unions : nor did it set out with millennial objects. It was meant as an organ of defence rather than aggression, and it expressed its willingness to negotiate with the employers and its desire to avoid recourse to strike action by the setting up of mutually agreed "Boards of Trade" or courts of conciliation. But in face of the strong hostility of most employers to Trade Unionism in all its forms the new body had to contemplate the prospect of strikes and lock-outs and to propose ways and means

for the support of its members during such disputes. With this end in view its leaders came back to the idea of Co-operative Production, which had been so popular a way of supporting strikes in the 'thirties ; and it accordingly proposed to raise a capital fund which could be devoted to the provision of employment for its members engaged in authorised strikes or lock-outs. This fund was to be administered by a separate body, the National United Trades Association for the Employment of Labour, which was set up at the same time as the N.A.U.T.P.L. Thomas Slingsby Duncombe, the Radical M.P. who was a strong supporter of the Chartists and of O'Connor's Land Scheme, became president of both the N.A.U.T.P.L. and the N.U.T.A.E.L. ; and many old Owenites, including G. A. Fleming, who had been editor of Owen's *New Moral World*, rallied to the new movement. At a further conference held in Manchester in 1846 a number of additional Trade Unions joined ; but many of the larger Societies held aloof, fearful of a revival of the project of " general union " which had cost them dear a dozen years earlier. At the next yearly conference it was announced that the N.U.T.A.E.L. had 123 men at work under its auspices, mainly at boot-making and other hand trades which needed little capital. But funds were slow in coming in ; and in 1848 the two Associations were combined into a single body. In the following year, 1849, this body became involved in the strike of the Wolverhampton tinplate workers. The employers met the strike by prosecutions of both strikers and leaders for incitement to breach of contract and for other offences ; and severe sentences were passed against several leaders of the N.A.U.T.P.L.—after the trials, owing to technical points, had dragged on until 1851. This legal struggle sapped its strength, and thereafter it steadily lost ground and appears to have given up its attempts to stimulate Co-operative Production. As a Trade Union federation it lived on until 1860 or 1861 and did useful work in securing the amendment of the law relating to strikes and in promoting courts or councils of conciliation. It was directly responsible for securing the legalisation of peaceful picketing in 1858 and in preparing the ground for the first Conciliation Act of 1867. But for Co-operative Production its importance ceased after 1848 : its interest lies in the fact that it kept the idea before the workers in the period just before the Christian Socialists made their appearance.

This revival in the 'forties of projects of Co-operative Production did not stand alone. In 1846 a group of enthusiasts, largely old Owenites, at Leeds launched the Leeds Redemption Society, and in the following year this body started a paper, *The Herald of Redemption*, called later *The Herald of Co-operation* and edited by James Hole. The most active among the other leaders of the Redemptionists was Dr. F. R. Lees, well known also as a Chartist

and temperance advocate; and William Howitt, author of many books about rural conditions, was in the chair at its inaugural meeting. The aim of the Redemptionists was to persuade workmen to subscribe a penny a week to a fund which was to be used for the "Redemption of Labour" by setting the members to work both on the land and in self-governing workshops provided by their own capital. In the following year the Redemptionists took a leading part in the establishment of the Leeds Co-operative Corn Mill, out of which sprang the Leeds Co-operative Society. They also had presented to them an estate at Garnlwyd, in Carmarthenshire, on condition that it should be returned to the donor if they failed to put it to Co-operative use. On this estate a small number of the Redemptionists settled down in 1848 and proceeded to erect workshops as well as till the land, supplying their products to the Co-operative Societies at Leeds and elsewhere. The Leeds Redemption Society established branches in other places, including London, for the support of its estate; and in imitation of it Redemption Societies sprang up in a number of towns, including Stockport, Bury, Pudsey, and Norwich. The venture in South Wales lasted until 1854, when the estate was given up and handed back to the donor, and the Leeds Redemption Society ended in the following year with a surplus which it was able to give to local good causes. The Bury Redemptionists started in 1850 a Co-operative Store which ran for four years, and in 1851 they helped the local bootmakers to win a strike by establishing Co-operative Production. The movement also spread to Liverpool, where in 1851 there was a project afoot for the newly founded Amalgamated Society of Engineers to buy the Windsor Foundry, which had just failed, and restart it as a Co-operative workshop. Its chief owner was the old Owenite, John Finch, who had been at one time governor of Queenwood. As we shall see, this particular affair provides a direct link between the Redemptionists and the Christian Socialists, whose efforts to get the A.S.E. interested in Co-operative Production had been anticipated by the Redemptionists. The purchase of the Windsor Foundry came to nothing, because before it could be completed all the funds of the A.S.E. were swallowed up by the great engineers' lock-out of 1852.

The Redemption Society Movement was in full swing in the North of England at the very time when the Christian Socialists were taking up the problem of Co-operative Production in the South; but they seem to have known nothing of it. We have seen how, in February, 1850, the Christian Socialists launched the Working Tailors' Association in London. This was followed quickly by the establishment of a number of other small Productive Societies on the same lines. During the year the Christian Socialists set up, or helped to set up, Working Associations of Bakers, Printers, and Builders in London, as well as a second Tailors' Association in the

City and a second Builders' Association in Pimlico—to say nothing of a London Needlewomen's Association for the employment of women workers from the sweat-shops. And, incidentally, Octavia Hill served her apprenticeship to social work. All these except the last were intended to develop into self-governing Co-operative institutions; and in June, 1850, as we have seen, the Society for Promoting Working Men's Associations was set up to co-ordinate their efforts. It worked through two bodies—a Council of Promoters consisting of Christian Socialist leaders who provided the initial capital for the experiments, and a Central Board consisting of the manager and a rank-and-file representative from each of the Working Associations. The capital advanced was intended to be repaid gradually out of the profits of the Associations. Until this had been done authority was to be vested in the managers, acting on behalf of the Council of Promoters; but there were to be meetings of the associates in each workshop to discuss affairs with the manager, and on the repayment of the capital advanced the Associations were to become self-governing, subject to such powers as might be vested in the representative Central Board.

Troubles soon began. These early Associations were in effect recruited by accepting anyone who cared to join, up to the number who could be given work; and in several cases disputes arose between the managers and the workers. The Working Tailors' Association had to be reconstituted within a few months of its start by the expulsion of a number of associates; and the London Builders' Association was similarly restarted, as the North London Builders, early in 1851. A Working Pianoforte Makers' Association was also set up in 1851, and several other bodies, including two Shoemakers' Associations, speedily followed.

Meanwhile the Christian Socialists had enlarged the scope of their propaganda. In February, 1850, they began to issue the series of *Tracts on Christian Socialism*, and in November they started *The Christian Socialist* as the organ of the movement. Kingsley's *Alton Locke* appeared in August, 1850, and in the autumn a circular letter signed by Lloyd Jones and Walter Cooper was sent out to all the London Trade Unions urging them to give their support to plans of Co-operative Production on the model of the Working Associations. In October Edward Vansittart Neale, a new recruit and a wealthy man, without whose devoted help the Christian Socialists would hardly have been able to make even a beginning, started the London Co-operative Stores in Charlotte Street—the old Owenite headquarters—as a centre for the sale of Co-operative products and put forward a "plan" for a "general union" of all the Working Associations into a single body for purposes both of greater strength and better legal protection and of pooling profits in order to give wider expression to the Co-operative spirit. Before this, in June, Lloyd

Jones had been engaged as propagandist, and in the later months of the year, aided by his wide Owenite contacts, he toured the North of England in an endeavour to enlist the support of the Northern Co-operators. A new Co-operative Store was opened with success in Manchester, and became Lloyd Jones's headquarters in the North, and in December, 1850, he got together at Manchester a conference of a number of Northern Societies which were specially interested in the Christian Socialists' efforts to secure a law which would give adequate protection to Co-operative concerns. A friendly M.P., R. A. Slaney, helped by the lawyers among the Christian Socialists—a notably influential group—had already secured, in 1850, a House of Commons Committee on this question; and John Stuart Mill, among others, had given evidence in favour of the Co-operative claims. The hope of legislation seems to have been the main factor in bringing the Northern Co-operators together; but, having been gathered in on this issue, they became interested in other aspects of the Christian Socialists' work.

No Bill was introduced in 1850; but the following year Slaney again secured a Committee, and active discussion with the Co-operators went on. In April a further Northern Conference of Co-operators was held at Bury, with no fewer than forty-four Co-operative Societies, mainly Co-operative Stores, represented at it; and this was followed by a further conference in June, when F. D. Maurice himself went North and visited the Rochdale Pioneers and other Societies from the headquarters in Manchester. Before this, in May, Neale had converted his London Co-operative Society into a Central Co-operative Agency, which he aimed at making into a Co-operative wholesale agency for the entire Movement throughout the country.

The original mover in this wholesale project seems to have been a Frenchman, A. L. Jules le Chevalier, who subsequently took the name of St. André. He appears to have been a genial scoundrel of considerable force and personality: he was subsequently discovered to have been a spy in the employment of Napoleon III. His plan for a Wholesale Society, originally put forward in June, 1850, was largely modified by Neale, chiefly in order to secure legal protection. This involved its registration as a joint stock company, of which some Co-operators disapproved. The year following the establishment of the Central Co-operative Agency there was a quarrel. St. André seceded and set up, in December, 1852, a rival organisation, presently known as the "Universal Provider," which got some Co-operative support (the Rochdale Pioneers dealt with it as well as with Neale's Agency) and helped to wreck the Agency's chances.

For the time, however, all appeared to be prospering. Lloyd Jones's Manchester branch was exercising a great influence in the North. The C.C.A. issued, in August, 1851, a circular appealing for Trade Union as well as Co-operative support, and the names of

the committee of the Agency show it to have been widely based. Among the committee members were William Allan and William Newton of the newly founded Amalgamated Society of Engineers, G. A. Fleming, representing the National Association of United Trades for the Protection of Labour, and J. Douthwaite, formerly a leader of the Grand National Consolidated Trades Union, as well as a number of men both from the Christian Socialist Working Associations and from other Co-operative bodies. Lloyd Jones and James Woodin, with St. Andre, till he broke away, were the managers.

In the second volume of *The Christian Socialist*, J. M. Ludlow recorded, in a series of letters to F. J. Furnivall, another leading member of the group, his impressions of the state of the Co-operative Movement in the North of England as he found it in the summer of 1851. We have in these letters our only first-hand picture of the Northern Movement at a time when the Rochdale Pioneers had securely established their position and Co-operative Societies of various kinds were coming into existence in considerable numbers. Ludlow, with his strong bias in favour of Producers' Co-operation, was much more enthusiastic when he found some tiny group of idealists making hats or weaving on a few looms than he was over the largest Consumers' Store; and his dislike of paying out the surplus, even in the form of dividend on purchases, instead of retaining it to form a fund for the employment of the members in production comes out again and again. Ludlow greatly preferred dividend on purchases to the distribution of the surplus as dividend on capital holdings; but he regarded both as hindrances to the development of the kind of Co-operation in which he was mainly interested—the Working Association inspired by high ideals and accumulating funds for collective self-employment over an ever-widening field.

Ludlow began his tour in Manchester, where he found a number of Societies of various types. The most important, in his view, was Whit Lane, in Pendleton—a weavers' Co-operative which spun and wove calicoes and seemed to be doing well. At Garden Lane, Salford, he found a Co-operative Store which was also a manufacturing body, having installed a number of looms on which it was employing its own members—much to his satisfaction. The Jersey Street Co-operative Society had three retail stores and a bakery, and he was pleased to record that it would not “think of dividing profits,” preferring to accumulate them for the extension of its business. There was another Store in Garrett Road, a very new Society in Harpurhey, and another in Hudson Street, Salford. Besides these there were two Stores started by the Dyers' Trade Union, on lines of which he disapproved, holding them devoid of true Co-operative principle. He was much more enthusiastic about a number of small Producers' Societies—among them the Salford Hatters'

Association, which was making hats and selling them through the Stores and Trade Unions, and was in his opinion letting its working-class customers have their hats too cheap, but was in all other respects excellently run. There was also a Working Tailors' Association, not quite on Christian Socialist lines but nearly enough so to be warmly praised. Finally, there was the branch of the Central Co-operative Agency set up by Lloyd Jones at 13, Swan Street, of which he had high hopes. All these bodies were quite new—the oldest but a couple of years or so in being.

From Manchester Ludlow went to Bolton, where he found a flourishing Store with a hundred members doing £35 of business in a week and paying a dividend of 1s. 6d. in the £. At Little Bolton he found the nearly derelict remains of a "Union Shop" founded as long ago as 1835, and at Tongfold a tiny Society of eight members, four of whom were women and all hand-loom weavers. Thence he went on to Leigh, where he found another "Union Shop" founded in 1847, and dividing its surplus not on purchases but on share capital. There were several similar "Union Shops" in the villages round Leigh, including one at Lowton managed by a farmer and composed mainly of agricultural labourers. At Golborne was a Store run by colliers keen on developing Co-operative Production and accumulating its surplus for this purpose instead of dividing it.

Liverpool, Ludlow's next port of call, had a brand-new Co-operative Store in Wolstenholme Square and a Working Tailors' Association which divided its surplus into three equal parts and placed one to a reserve fund, one to a sick and disability fund, and paid out the rest as dividend on capital. At Haddeck, on the way to Preston, he had news of a large Store which he was unable to visit. At Preston he found the Co-operative Movement mainly controlled by the Roman Catholics, who were divided into two rival groups. The Jesuits had inspired three Societies—a shoe shop, a tailoring establishment, and a provision store—but these were in reality joint stock companies. The other Catholic group had a provision store in Stoneygate doing a large business. There was in addition a provision store in Walton which included a tailoring establishment, and a small Weaving Co-operative Society consisting of only four men, but run on lines of which he approved.

In Blackburn Ludlow found no Store, but several "money clubs" for the common purchase of provisions for their members—Stores in embryo. At Heywood, William Bell, an old Chartist, was making a great success of the Heywood Industrial Co-operative Company, which had opened its newsroom even before Rochdale, and had also been the pioneer in opening its own slaughterhouse. At Rochdale, which he said was too well known to need description, he fell in with James Smithies, already an old friend of the Christian Socialists. Smithies, whom Ludlow described as an enthusiast for

"his private calling in the shoddy line," showed him round, and he was much impressed by the Rochdale Corn Mill with its piggeries supplied with offals from the mill and its own bacon-curing arrangements. The Pioneers' Society, he explained, over and above its collective investment in the Corn Mill, helped it by supplying grain and taking payment in flour. Ludlow found several Co-operative Stores besides the Pioneers' in Rochdale itself, and others in the near neighbourhood at Brickfield and Steps. Separate Stores at Castleton and Oakwood, he said, had been set up on account of the closing of branches of the Pioneers' Society in their areas. This is a curious reference: for the only known attempt of the Pioneers to open a branch before this date is the foundation of a branch in Nelson Street, off Drake Street, in the late 'forties. This branch is said to have been closed because members alleged that the goods supplied at it were inferior to those sold at Toad Lane, though they were in fact the same. After this failure, the next recorded branch of the Pioneers' Society, at Oldham Road, was not opened until 1856. It looks as if there must have been other previous ventures into the field of branch storekeeping—unless indeed the Pioneers, like the Leeds Society in its early days, worked through local agents who were also free to trade on their own account. This system was found so unsatisfactory at Leeds that it had soon to be given up. Possibly Rochdale had the same experience.

From Rochdale Ludlow went on to Bury, where he found much to interest him, for Bury was, as we have seen, the home of one of the important Redemption Societies. At the time of Ludlow's visit the Redemptionists were having a dispute, and he attended a conference of local Co-operators and tried to harmonise their differences. He found the Redemptionists' Store in Stanley Street, founded by John Bates, going strong with 125 members and sales of from £30 to £40 a week, and was full of praise for its work and for the Redemption Society Movement as a whole. "They seem," he wrote of the Redemptionists, "the only working men in the provinces impressed, as a body, with the importance of productive labour, and of attributing profits to labour, and not to capital. The prevalent idea in this respect among Co-operators is, I am sorry to say, the setting of men to work for the benefit of the Stores, at ordinary wages, and of course there is no anxiety among the producers, whether members or not, to accept employment on such terms." Ludlow, like all the Christian Socialists, was hostile to the view that Co-operative Production should be organised under consumers' control. He had even qualms about distributive employment on such terms. He wrote in the same letter of the advantages to Stores of selling through their own members, taken on in rotation, at a small hourly compensation as "one great means of keeping up the Co-operative spirit among them."

From Bury Ludlow went on to Littleborough, where he found a flourishing Store, and also a cotton mill a-building for the Littleborough Industrial Co-operative Society, recently founded as the outcome of a strike. At Wardle he saw the factory of the Bacup Commercial Company, a joint stock venture started by the Bacup Co-operators in 1850 with a steam engine and seventy-two looms. Its manager's name was Ashworth; but I do not know whether he was anything to do with the Ashworths of Rochdale. The Bacup Co-operative Store, with 350 members, was second only to Rochdale; and there were other smaller Stores nearby at Shawforth, Whitworth, Brick Lane, and Pig's Leigh, as well as a larger one at Ramsbottom started under the influence of the Bury Redemptionists.

After passing mention of his wish to visit the Associated Silk Weavers' Society at Macclesfield and a Co-operative ribbon factory at Congleton, Ludlow proceeded to describe his visit to Oldham, where he found seven or eight Stores in existence, as well as several in the neighbourhood of Lees, Royton, Chadderton, and Crompton. At Stockport he seems to have missed the old Great Moor Society; but he found a new Store in process of formation and also a sort of Redemption Society made up of men from different trades, and engaged in making shoes, hats, and other goods. Moving on he noticed small Stores at Rooden Lane, Simister Lane, and Whitefield, and at Crumpsall a Store unique in having been started by an employer for the benefit of his workers. At Padiham were both a Store and the Padiham Commercial Company—a joint stock cotton mill started by Co-operators and the subject of a recent attack by Ernest Jones, the Chartist leader. At Burnley was a Store newly opened, and at Todmorden a flourishing Store.

At Todmorden Ludlow passed over into Yorkshire, where he had time for no more than the briefest stay. He found Stores at Hebden Bridge and Sowerby Bridge, and three at Bingley. At Bradford the Working Men's Co-operative Association was about to open its shop in the daytime, and was acting not only as a Store for its members, but also as a wholesale agent for the supply of a wide range of Bradford goods. Here, as at Leeds, Ludlow noticed the large-scale activities of the Co-operative Flour Mills, and mentioned that others existed at Halifax, Birstall, Thirsk, York, Whitby, and Hull, as well as at Lincoln, Birmingham, Devonport, and Stonehouse. He also commented on the development of joint stock woollen mills in the West Riding; but he gave no such general picture of the state of Co-operation in Yorkshire as he had given for most of Lancashire.

It will be seen that in 1851, except at a very few places, Consumers' Co-operation was still in its infancy, and that there were numerous experiments in Co-operative Production on a wide variety of lines, from tiny Working Associations and small workshops attached to distributive Stores to joint stock concerns started on a larger scale

and with high hopes under Co-operative auspices, but lacking the essential qualities of either Producers' or Consumers' Co-operation. Ludlow, despite his strong personal bias, was on the whole a good witness, ready to recognise the merits of Societies which did not conform to the pattern which he preferred. He was, no doubt, more assiduous in seeking out even the tiniest Producers' Society than in tracking down elusive Consumers' Stores of considerably greater real importance. But in general his picture is to be relied on: it is one of a movement still for the most part at an experimental stage, but striking solid roots in a number of places in which the essential principles of Consumers' Co-operation were already being firmly grasped. The Producers' Societies were much less stable; but it is interesting to see how widespread they were. The Christian Socialists had had but little to do with the advent of these Northern Producers' Societies, which were due far more to the Leeds and Bury Redemptionists and to the Trade Union activities of the National Association of United Trades.

During the year of Ludlow's journeys in the North, the Christian Socialists, eager to permeate the Trade Unions with their ideas, had entered into relations with the Amalgamated Society of Engineers, the recently created combination of the skilled engineering workers which came to be regarded as the "new model" in Trade Union, fully as much as the Rochdale Pioneers were the "new model" in Co-operative, organisation. We have seen that the A.S.E. was in negotiation in 1851 for the purchase of Finch's Windsor Foundry at Liverpool with a view to carrying it on as a Co-operative enterprise. Discussions were started with a view to the institution of similar enterprises in the London area. Both Newton and Allan, the two outstanding leaders of the A.S.E., were keen advocates of Co-operative Production, and entered actively into the plans of the Christian Socialists. But at the beginning of 1852 broke out the great lock-out by means of which the Lancashire and London employers sought to break the power of the new Amalgamated Society. The employers presented the workers with the "document" demanding renunciation of Trade Union membership; and the A.S.E. was subjected to a drain on its funds which made impossible the provision of capital for Co-operative schemes. The purchase of the Windsor Foundry had to be given up: the Society was fighting for its life. The Christian Socialists, however, had capital at their command; and as a reaction to the lock-out two of them, Neale and his cousin, A. A. Vansittart, put up the money to finance two separate schemes of Co-operative Production in the engineering trade. Already in 1851 a group of London engineers had formed a Greenwich Co-operative Engineers' Association, which acquired an ironworks at Deptford with help from Neale; and in January, 1852, John Musto, brother of Joseph Musto, the president of the

A.S.E., persuaded a body of engineers to form the Southwark Working Engineers' Association, which acquired a factory in the Mile End Road. Just after this Neale bought the Atlas Works in Emerson Street, near Southwark Bridge, and started yet another Co-operative engineering concern. In addition, another body, the Associated Smiths, originally mooted in the previous year, began business in Pimlico in June, 1852.

The Executive Council of the Amalgamated Society of Engineers was at the beginning of the lock-out enthusiastic in the cause of Co-operative Production. In January 90 per cent of the membership voting on a ballot endorsed the Executive's proposal to place £10,000 of the Society's funds in the hands of trustees for financing Co-operative schemes; and after their defeat in April they adopted a series of resolutions in which, after condemning strikes as "not calculated to enhance the condition of the labourer," they went on to advise "that all our future operations should be directed in promoting the system of self-employment in associative workshops." As a sequel to these resolutions the Executive sent out a circular letter to the members arguing enthusiastically for Co-operative Production as an alternative to strike action, and asking for the support of their delegate meeting for a policy which would soon "see the land studded with workshops belonging to the workers—

- workshops where the profits shall cheer and not oppress labour, where tyranny cannot post an abominable declaration on the gates, where the opportunity of working is secured without the sacrifice of all that makes work dignified and honourable."

These were brave words; but after the lock-out there was no money left to back them up, and the policy encountered opposition in the ranks of the Society and in the Executive itself. Despite the personal backing of Allan, Newton, and Musto, the engineers' Co-operatives got no financial support from the A.S.E. They were left to depend on what Neale and Vansittart were prepared to advance; and though they made what seemed to be a prosperous start difficulties soon began to appear. The Mile End Ironworks, having lost heavily by taking on a large contract at too low a price, had to close down in 1854. Neale's Atlas Works lasted a year or two longer before they were broken up by quarrels among the associates. The smaller ventures also disappeared.

This, however, is running ahead of our story. In 1852 the movement still seemed to be on the flood tide. In January *The Christian Socialist* was replaced as the organ of the Co-operators by *The Journal of Association*—a change indicative of the passing of control from the "promoters" to the Societies which they had set on foot. Ludlow and Neale both wrote pamphlets upholding the engineers in their dispute with the employers; and Thomas Hughes, author of *Tom Brown's Schooldays* and a leading member of the

Christian Socialist group, also did manful work for the engineers and laboured hard for Slaney's Bill, which was at last taking shape as the outcome of a third Committee of the House of Commons. This time the Bill passed into law as the Industrial and Provident Societies Act of 1852, and the Co-operative Movement was at last given an assured, though not yet a fully satisfactory, legal status. In September the Society for Promoting Working Men's Associations published for the guidance of Co-operative Societies throughout the country model rules, which had been approved by Tidd Pratt, the Government's Chief Registrar.

Yet behind the scenes a considerable dispute was already in progress. The inner group of Christian Socialists, influenced by J. M. Ludlow, was determined to stress the essentially Christian character of the movement which they had helped to promote. Ludlow was an enthusiast for Co-operative Production; but, with Maurice and Kingsley, he stressed the need for individual moral and religious conversion as an indispensable basis for the success of the Co-operative principle, and he had become convinced by the growing pains of the Working Associations that he and his fellow-promoters had made a mistake in not selecting carefully enough, on moral and Christian principles, those who were allowed to become working associates. The promoters therefore wished to go slow, and to limit their practical efforts to tried supporters who could be relied upon to act in the spirit of Christian Socialism. They had, however, in sending forth Lloyd Jones to enlist the backing of the Trade Unions and Co-operative Stores gone too far to be able to withdraw the movement within these narrow limits. Lloyd Jones was not an orthodox Christian, but an Owenite Rationalist, and so were many others among the Trade Union and Co-operative leaders. Moreover, Neale, the movement's chief financial backer, though a churchman, did not share Ludlow's view. He wanted to join hands, on a secular basis, with Trade Unions and Co-operative Stores in order to create a nation-wide movement of Producers and Consumers; and the Central Co-operative Agency, backed by his money, rested on this wider basis, and was in no way subject to the Christian Socialist "Council of Promoters." The Society for Promoting Working Men's Associations, which had for a time been housed on the premises of the C.C.A., decided to remove to premises of its own in the building of the Working Tailors in Castle Street, and there the Society furnished a hall for meetings and conferences, opening in July, 1852, with a National Co-operative Conference which concerned itself chiefly with arrangements for the new position of the Co-operative Movement under Slaney's Act. There was no quarrel between Neale and the stricter Christian Socialists; but from this time on Maurice and his friends showed a tendency to withdraw from further activities in the Co-operative field, and the running was left chiefly to Neale

and the Central Co-operative Agency and to the more firmly established Co-operative Societies in the North.

Neale, for his part, with Lloyd Jones, was very active. He was mainly instrumental in starting, in 1852, the Co-operative League as a channel for the discussion of Co-operative problems, and the League began to publish *Transactions*, in which practical and theoretical questions of Co-operation were considered. He also put forward proposals for a Co-operative Investment Society to raise capital for Co-operative experiments, and secured for this project the support of the National Association of United Trades for the Protection of Labour. Lloyd Jones, meanwhile, was doing his best to persuade the Co-operative Societies in the North, as well as in London, to conduct their wholesale buying through the Central Co-operative Agency and was meeting for a time with not inconsiderable success. But at the end of the year St. Andr.'s secession weakened the position of the C.C.A., and early in 1853 the decision of the committee to move to larger premises in Oxford Street involved it in heavy expenses which it could not easily sustain. The definite withdrawal of support by the Amalgamated Society of Engineers from the Atlas and East End Ironworks came as a further blow; and the Pimlico Builders, who had appeared to be doing well, incurred serious losses and had to be wound up.

In this year, 1853, the Co-operative Societies held a National Conference in Manchester, following upon the London Conference of 1852. At this gathering, in which the Northern Consumers' Societies founded on the Rochdale model played the leading part, the Society for Promoting Working Men's Associations transformed itself into the Society for Promoting Industrial and Provident Societies under the new Act, and the Christian Socialist group already showed an anxiety to transfer further responsibility to the Societies themselves, acting through the Conference, which it was intended to make an annual affair. The next year, 1854, when the Co-operative Conference met at Leeds, the Christian Socialists definitely dropped out as an organised body. Their Society wound itself up, leaving the Conference to take over its functions and Neale to bear the remaining responsibility through the Central Co-operative Agency.

Ludlow, Maurice, Kingsley, and the rest of the original Christian Socialist group had, indeed, become convinced by this time either that they had made a mistake, or at all events that there was nothing further they could usefully do as a group in the Co-operative field. They had been attacked heavily by churchmen for stirring up working-class unrest and associating with Owenite infidels; they had been bitterly disillusioned by the bickerings and failures of their Working Associations; and they had become mainly preoccupied with the religious struggle which culminated in 1853 in the expulsion of Maurice from his professorship at King's College, London, on a

charge of unorthodoxy. Eager to find for their leader a new and congenial sphere of work, they transferred their main activity to education. They had been active in this field from the opening of their new hall in Castle Street in 1852, and in 1853-4 they founded the Working Men's College, now in Crowndale Road, Camden Town, but originally housed in premises vacated by the defunct Needlewomen's Association in Red Lion Square. Some of the Working Associations lived on for a long time after 1854; but with this shift of activity on the part of the principal promoters the organised Christian Socialist Movement came to an end.

The Central Co-operative Agency survived until 1857. But no consistent support was forthcoming from the Co-operative Societies in the North, which alone rested on any firm foundations. London was too far off effectively to meet their needs, except for a limited range of commodities such as tea; and they would not deal with the C.C.A. for most of their purchases. They were, moreover, in some cases inclined to support St. André's Universal Provider. The half-hearted attempts of the Rochdale Society to start a wholesale department in 1850 and the more definite development of such a department in 1855-6 mark the stages by which the Northern Societies gradually withdrew from supporting the C.C.A., and lost such belief as they had in the London movement, preferring instead to attempt to build up mutual relations among themselves. By 1857 even Neale had accepted the fact of failure. The C.C.A. ceased to exist as a Co-operative concern, and what was left of it was carried on as an ordinary company under James Woodin, its former business manager, continuing to do a limited amount of business with a number of Co-operative Societies up and down the country—including, later on, the Co-operative Wholesale Society.

It is easy to see, in retrospect, why the Central Co-operative Agency failed. It was wrongly based for enlisting the firm support of the Consumers' Co-operative Movement, which had its main strength in the North of England, and it could not have succeeded in the South unless the Trade Union movement for Co-operative Production, exemplified in the early policy of the Amalgamated Engineers and in the projects of the National Association of United Trades for the Protection of Labour, had led to lasting results. The strictly Christian Socialist Working Associations were all on a very small scale—entirely inadequate to support Neale's ambitious Agency—and they were in any case doomed to failure from the start. The Christian Socialists aspired to convert the working classes to an impossibly high moral code, and to a theological approach to industrial problems which most working men were quite unprepared to accept. Moreover, they made the mistake of supposing that real Co-operative Societies could be created from above with capital supplied by wealthy idealists, and that the workers would submit to a position

of tutelage under the middle-class promoters until this capital had been repaid. Trouble between managers responsible to the promoters and working associates wanting self-government was unavoidable, and there were in addition disputes about the principles on which the Associations were to work. The promoters adopted the principle of paying the standard wages of each trade and limiting the working hours to ten, including meal times, and of apportioning the surplus after payment of wages and interest on capital one-third to a reserve fund, one-third to repayment of capital, and the remaining third to a bonus on wages. There were disputes about the basis of this bonus. Was it to be equal for all associates, or proportionate to hours worked, or proportionate to wages paid? The promoters favoured the second alternative; but some of the Associations preferred the third, while minorities in them favoured the first. There was, furthermore, the question whether each Working Association was to be regarded as a financially independent body. The promoters insisted that prices charged must be controlled by the Central Board representing all the Associations, with an appeal to themselves as long as capital was owed them. This was accepted; but the Associations would have none of the proposal of Neale and some others that they should be treated as parts of a "General Union," with pooling of profits and reserve funds over the whole body. When they made profits they wanted to keep them: when others made losses they were not prepared to shoulder the burden. In practice each Association remained a separate financial entity, and they failed, not all together, but one by one.

The Christian Socialist incursion into the Co-operative Movement was, indeed, a curious episode, due almost entirely to Ludlow's enthusiasm for French Co-operative ideas and exceedingly unpractical in its methods. But it had lastingly beneficent results. Not only was it largely responsible for getting the Co-operative Movement its assured legal status; it also left behind, when the promoters withdrew as a group, individuals who were devoted helpers of Co-operation for many years afterwards. Thomas Hughes was one of these; and the greatest of all was Neale, who, having sacrificed most of his fortune in the disasters of the engineers' Co-operatives and the Central Co-operative Agency, gave the rest of his life to the Movement and became secretary of the Co-operative Union in its formative years. Ludlow, too, did not desert the cause. In due course, when Tidd Pratt retired, he became Registrar of Friendly Societies and in his later years piloted the Movement through many legal difficulties. The Christian Socialists failed in what they tried to do, as they were bound to fail; but their service to the Co-operative Movement was none the less of inestimable value.

VII.

CO-OPERATION AND THE LAW

Incidental reference has been made already to the disabilities under which the Co-operative Movement suffered in its early days in the absence of any assured legal foundation for its existence. It must not be thought, however, that these disabilities were due in any considerable degree to a deliberate attempt to hamper the growth of the Movement. Whereas Trade Unionism suffered under both Common and Statute Law from definite and deliberate oppression, the troubles of Co-operation were due in the main to the generally unsatisfactory state of the law in relation both to associations in general and in particular to associations engaged in trading or productive ventures. The judges in the course of the eighteenth century had come to regard combinations of workmen for Trade Union purposes as unlawful conspiracies to be put down with a strong hand, and the Combination Acts of 1799 and 1800 had brought to this legal doctrine the reinforcement of Statute Law, together with provisions making it easier to prosecute offenders. These laws were repealed in 1824, thanks largely to the efforts of Joseph Hume—an early friend of Co-operation as well as of Trade Unionism—and of Francis Place; and the less liberal Act of 1825 at least allowed Trade Unions to exist, though it gave them no assured position before the law. Not until the Acts of 1871-1876 did Trade Unionism achieve an assured legal position, and even then the recognition was limited, and the law continued to look somewhat askance at combinations of workmen for improving the conditions of labour.

Co-operation never suffered under legal disabilities as severe as those which beset the Trade Unions. No one was ever put in prison for belonging to a Co-operative Society, and no one ever suggested that it was unlawful to form such a body, or for it to engage in trade or production. The difficulty was not that Co-operative Societies were under the ban of the courts, but rather that no special provision had been made for them, so that they were unable to enlist the positive protection of the law when it was needed either to secure them against fraudulent or negligent officials or to enable them to carry on trade in such a way as to enter into firm contracts, to sue or be sued as collective bodies, or to enjoy any reasonable security for their funds.

These disabilities the early Co-operative Societies to a great extent shared with the general run of ordinary capitalist undertakings. Until after the middle of the nineteenth century the law relating to "joint stock" concerns was in a very unsatisfactory state. In the

eyes of the law all business undertakings for which special statutory provision had not been made were either one-man concerns or "partnerships"; and the inconveniences of partnership where the partners were numerous were very great. A partnership was, and is, in the eyes of the law simply a number of persons, two or more, acting together in a common business enterprise. It has no collective legal "personality" distinct from that of the partners, and all the partners are jointly liable without limit for the whole of its debts. Thus, in the early nineteenth century, if an ordinary joint stock trading concern—or a Co-operative Society—incurred debts, all the partners in it (that is, every subscribing member) were liable for the whole of these debts. The law courts did not recognise the concern as such, but only the individuals who composed it. Any or all of them could be made responsible for its affairs. Moreover, under the ordinary law there was no way of proceeding against a "partner"—that is an officer or member—who made away with the funds of the "partnership" or of enforcing the rules of the concern upon its members. They were in the eyes of the law "co-partners"; and the Common Law would not interfere between them. There was, indeed, side by side with the Common Law a separate branch of law called "equity," and it was possible to bring in the Court of Chancery, which looked after cases of "equity," a suit the Common Law Courts could not entertain. But proceedings in Chancery were notoriously difficult and costly: they were quite beyond the means of such persons as joined Co-operative Societies, and were exceedingly deterrent even to investors in ordinary commercial concerns. In practice it was disastrously easy for persons entrusted with the funds of Co-operative Societies and of small commercial businesses to abscond with impunity, and this actually happened in not a few instances in the Co-operative Movement's early days.

The position was not the same for many classes of large commercial undertakings. If a group of persons could become "incorporated" their legal status was entirely different. The law courts then recognised the "incorporation" as possessing a legal personality quite distinct from that of its members. The "incorporation" could sue and be sued as a collective body in its collective name; it could hold property in perpetuity, and could act under its common seal through its officers; it was ordinarily given the power to proceed against a defaulting officer with full rights before the courts. Moreover as it was in the law's eyes an entity entirely distinct from its members there was no question of its members or shareholders being liable for its debts beyond the amounts for which they had individually agreed to be liable, unless they were definitely made so liable under the Act of Incorporation: the "incorporation" of the nineteenth century enjoyed by its very nature the privilege of "limited liability," which has been the very foundation of modern

capitalist enterprise based on wide shareholding by large numbers of investors.

Up to 1825 the only way in which a trading body could secure incorporation was by Act of Parliament. The canal, railway, gas, water, and other companies formed in the course of the Industrial Revolution acquired their powers—as most of them still do—in this way by promoting a private Bill which passed through Parliament. But Parliament, while it recognised the need for incorporating such concerns as these, which clearly needed to be financed by a large body of investors, was for a long time chary of granting similar privileges to ordinary commercial concerns. Not until 1834 was the first positive step taken in the course that led to the full legalisation of joint stock company enterprise on a basis of limited liability for the investors. In that year the Letters Patent Act made it possible for the Crown to grant unincorporated companies the right to sue and be sued without the concession of limited liability; but the Act was sparingly used. Ten years later, in 1844, the first of the modern Companies Acts enabled joint stock concerns to be granted certificates of incorporation by the Board of Trade without either a special private Act of Parliament or the grant of Letters Patent by the Crown; and at the same time legally recognised partnerships were limited to a maximum of twenty-five members, and all partnerships of more than twenty-five were placed outside the scope of legal protection unless they registered themselves as joint stock companies under the Act or secured recognition as “Friendly Societies” under disabilities to which I shall refer a little later. Under this Act of 1844 and an amending Act passed in 1847 a considerable number of joint stock companies acquired legal recognition. But neither of these Acts made any general grant of limited liability, which it remained in the discretion of the State to give or to refuse, and the procedure remained much too expensive to be open to most of the struggling young Co-operative Societies, even if they had wished to take advantage of it. Only in 1855 did Parliament extend the right of limited liability to any joint stock concern that chose to apply for it and to conform to a few fairly simple requirements as a condition of registration. This Act of 1855, amended in 1856 and consolidated and further amended in 1862, became the basis of modern Company Law.

These Acts, or at all events the earlier of them, were closed to most of the Co-operative Societies on grounds of expense, even if they would otherwise have furnished a satisfactory basis for Co-operative enterprise. The Co-operative Societies of the Owenite period mostly did without any sort of legal status, though a few which sprang directly out of Friendly Societies may have been registered under the Friendly Societies Acts. These Acts, however, were not designed to cover trading enterprises, and before 1834

the recognition accorded by the State even to Friendly Societies was very narrowly limited. They had been first recognised under George Rose's Act of 1793, which was designed to foster Friendly Societies under the patronage of members of the upper classes rather than bodies created by the workers for mutual self-help. Under this Act Friendly Societies which desired recognition by the law had to submit their rules for approval by the Justices at Quarter Sessions ; and during the ensuing period bodies which applied were subjected to close scrutiny by magistrates who were inclined to suspect all working-class associations of being concealed Jacobin conspiracies or Trade Union combinations for raising wages or regulating the conditions of employment. During the period when Trade Unions were repressed by law, many working-class combinations did in fact disguise themselves as Friendly Societies ; but such bodies seldom or never applied for enrolment under Rose's Act. The great mass of Friendly Societies remained unrecognised by the law. There were many thousands of them scattered all over the country, varying from local " slate clubs " to lodges of the Odd-fellows and other " Orders " which had a strong social side in addition to their provision of benefits. An inquiry of 1815 revealed the existence of a membership of nearly a million in Friendly Societies for which records could be obtained ; and there must have been many more. This inquiry led to the Act of 1819, which defined the powers of enrolled Societies, preventing them from undertaking such activities as fire insurance, and allowing them to deposit their funds with the Commissioners of the National Debt and to receive a high rate of interest on their deposits. By a further Act of 1829 the earlier Acts were consolidated, and a public official, a registering barrister, was appointed to certify the rules of Societies which applied for enrolment, acceptance by the Justices in Quarter Sessions continuing to be required. Under this Act a considerable number of Societies not under upper-class patronage began to apply to be enrolled ; but the barrister, Tidd Pratt, refused to accept Societies with branches on the ground that these were unlawful under the Corresponding Societies Act, which had been passed at a time when the fear of revolution was prevalent and forbade associations which entered into " corresponding " relations with other Societies, or, in other words, were organised on a federal or branch basis. This prevented the great Friendly Society " Orders " such as the Oddfellows, Foresters, and Druids, which were becoming organised on a large scale, especially in Lancashire, during the 1830's, from being enrolled under the Act, and left them entirely outside the law. Thus things remained until 1834, when an amending Act widened the scope allowed to enrolled Societies by extending legal recognition to Friendly Societies formed " for any purpose not contrary to law." Trading Societies were thus for the first time made eligible to apply ;

but there was still no special provision for them. The Act of 1846 went considerably further, including what came to be known as the "frugal investment" clause, which authorised the establishment of Societies "for the frugal investment of the savings of the members, for better enabling them to purchase food, clothes, or other necessaries, or the tools or implements of their trade or calling, or to provide for the education of their children or kindred."

We have seen that the Rochdale Pioneers, at the original formation of their Society, applied for enrolment under the Friendly Societies Acts of 1834 and 1842—the latter an amending Act of only minor importance. As soon as the Act of 1846 was passed they amended their rules in order to take advantage of the wider powers now conferred, including the specific provision for education which had been previously unmentioned in the Acts. At their original enrolment it had still been necessary to submit their rules to Quarter Sessions; but this was made unnecessary by the Act of 1846, which established the Friendly Societies Registry and gave full powers of enrolment to the Registrar.

Even the Act of 1846 remained seriously defective from the standpoint of the Co-operative Movement. Trading Societies were dealt with only in the "frugal investment" clause, and under this the Societies were empowered to trade only with their own members; despite the permission to club together for the purchase of the "implements of trade," the position of Producers' Co-operatives which had to seek markets outside their membership was left very uncertain. Moreover, the Societies were still tied down by severe restrictions. They could hold personal property only through trustees, and landed property not at all: they were restricted to investing any accumulated funds through the National Debt Commissioners, and there was no power for Societies to federate or join together in any way.

This was the position when the Christian Socialists took up the question, which was already being agitated by the Co-operative Movement in the North, and was a familiar issue with the Owenites, such as Lloyd Jones, who became connected with the Society for Promoting Working Men's Associations. The Christian Socialists included skilled legal draftsmen—Ludlow, Thomas Hughes, and Neale—and had influential friends in Parliament, and with their aid, as we have seen, the first Industrial and Provident Societies Act—Slaney's Act—was successfully placed on the Statute Book in 1852 by the new Conservative Government, after the Liberal Government had refused facilities, apparently because it was scared off by the engineers' attempt to defeat the employers in their lock-out of that year by embarking on Co-operative Production.

The new Act carried with it very real advantages. Under it the Co-operative Societies, while retaining all their privileges under the

Friendly Societies Acts, were given for the first time an Act of Parliament specifically designed to meet the needs of both Producers' and Consumers' Co-operation. They were set free from the provisions of the Act of 1844 compelling partnerships of more than twenty-five persons to register as joint stock companies in order to secure trading protection and received a status of their own parallel to that of companies but essentially different. Under Company Law as it then stood it was an essential requirement that companies should allow free transfer of their shares. This rule, applied to Co-operative Societies, would have meant that control might have passed right out of the hands of those trading at the Stores—or in the case of Producers' Societies out of the hands of the employees or of other shareholders concerned to keep them working on truly Co-operative lines. Indeed this loss of control was what did actually occur in the case of the bodies (the "Working-class Limiteds") which became registered as joint stock companies. It appeared later that even registration under the Industrial and Provident Societies Act of 1852 was not a complete protection against such a fate—witness what happened to the Rochdale Manufacturing Society—but severance from Co-operative principle, even if it could not be prevented altogether, could at any rate be made more difficult by suitable precautions. Accordingly the Act of 1852 restricted the transferability of shares (called in the Act "subscriptions") in Industrial and Provident Societies so as to require holders who wished to dispose of their "subscriptions" either to sell them back to the Society or at any rate to secure the consent of the Board of Management to the transfer to a particular person.

Industrial and Provident Societies were further differentiated from joint stock companies in that no one could hold more than £100 in the subscribed capital, usually in shares of £1 each; but the Societies were free, over and above this, to accept loans from their members up to an amount equal to four times the subscribed capital. Thus began the distinction between share and loan capital which has ever since been a feature of Co-operative business structure. The Societies were, moreover, freed from the restrictions imposed on Friendly Societies in respect of the investment of their funds, and were thus enabled to invest their resources freely in the development of their operations.

So far the Act was thoroughly satisfactory, and the model rules drafted by the Christian Socialist lawyers and accepted by Tidd Pratt, whose function as Chief Registrar was extended to cover Industrial and Provident Societies as well as Friendly Societies, were at once used as a basis for equipping most of the existing Co-operative Societies with new constitutions which enabled them to take full advantage of the law. They did not, however, get from Parliament in 1852 nearly all they had asked. In particular the

privilege of limited liability was still refused, and this remained as a serious deterrent to working-class investment, though the difficulty could be to some extent got round in the case of some of the Societies by the device of vesting property absolutely in the hands of trustees. This was the method adopted by the Christian Socialists for their Working Associations ; but it involved making the trustees absolute owners, with no control over them by the members save with their consent, and it was repugnant to the purely working-class Societies, the more so because it was necessary for such trustees not to be actual members of the Societies for fear of their being treated by the law as co-partners and thus forfeiting its protection. Moreover the Act of 1852 contained no provision for joint or federal action by Co-operative Societies, and it was therefore impossible for Neale to organise his Central Co-operative Agency on a federal basis. He had to resort to the old device of trustees to hold the property and to constitute a joint stock company—Jones, Woodin, & Co.—to carry on the actual trading operations, and he could not give the Societies which agreed to deal with the Agency any effective control over its affairs. This was undoubtedly one reason for its failure. The Societies which dealt with it did not feel that it was their own concern or that they owed any deep loyalty to it. A similar obstacle prevented the Rochdale Society's wholesale department, when it was reconstituted a few years later, from assuming a proper federal form or enlisting the loyal support of the other Societies in whose interest it had been created.

It is, however, easy to see why these powers were refused in 1852—three years before Parliament had made up its mind to throw the privilege of limited liability open to the main body of joint stock companies, and at a time when Tidd Pratt was still refusing recognition to the great Friendly Societies which were organised on a federal or branch basis. The Co-operative Movement could hardly expect to be given greater privileges than Parliament was prepared to concede to capitalist trading concerns, or to run ahead of the Friendly Societies in escaping from the ban imposed on federal organisation. The prejudices against both these concessions were no doubt out of date, but the Act of 1852 came just too soon for them to be overcome by way of a grant of privilege to Co-operative enterprise.

One outstanding question which was not cleared up by the Act of 1852 was that of the liability of Co-operative Societies to income tax. The legislation of 1842 had exempted duly enrolled Friendly Societies from taxation under Schedule C, that is, on income accruing from the ownership of Government securities. This, as we have seen, was the form in which ordinary Friendly Societies held their funds ; but the exemption did not cover Schedule D, income arising from the profits of trade. Accordingly the income

tax authorities insisted on payment from Societies which were making profits, and the Rochdale Pioneers actually paid tax on their trading surplus in their early days. They did this under protest, maintaining that they were not liable because the incomes of their individual members were below the tax limit ; to which the income tax authorities replied that any member in this position would be in order in making a claim for refund, but that this did not affect the liability of the Society to pay in the first instance. The making of such claims for refunds which would in most cases have amounted only to a few pence was plainly out of the question, and accordingly the members were in effect made to pay without any redress taxes for which they were not liable.

In 1853 Friendly Societies were relieved from liability to tax under Schedule D as well as Schedule C, and the Co-operative Societies claimed that this exemption applied to them under the 1852 Act which gave them the privileges of Friendly Societies. The Inland Revenue authorities, however, refused to accept this view and persisted in demanding payment. So matters went on, the Rochdale Pioneers continuing to pay under protest until 1856, when they at last took a stand and defied the authorities to do their worst. The authorities, after some bluster, did nothing, and no further tax was paid. In 1862 the dispute was ended by the inclusion in the Industrial and Provident Societies Act of that year of a clause definitely exempting such Societies on the same terms as Friendly Societies.

It will be convenient, at the cost of a departure from the strict order of time, to carry this particular part of the story a little further at once. It was not made clear in 1862 whether the exemption of the Societies carried with it exemption for individual members from tax on sums received from a Co-operative Society if their total income was high enough to make them subject to income tax. In the Act of 1867 it was specifically laid down that individuals were not so exempt, and an obligation was laid on Co-operative Societies to furnish lists of all sums paid to their members to the revenue authorities with a view to their being taxed if they were personally liable. This gave rise to endless trouble. Few Co-operators in those days were rich enough to come within the scope of income tax, for which the absolute exemption limit, apart from allowances, was £150 a year up to 1853, and thereafter £100 up to 1877, when it was raised again to £150. The compilation of the lists thus involved making long returns of many thousands of persons who were not liable in order to collect a few shillings from the few who were. Finally Gladstone agreed to drop the lists, and in 1876 the provision requiring them was formally repealed.

This, however, was not the end of the story. In 1879 there arose a great outcry from private traders both that Co-operative Societies

in general were evading their fair share of taxation and that various Stores which were not really Co-operative at all were escaping tax by getting under the umbrella of the Industrial and Provident Societies Acts. This latter complaint was directed against such institutions as the Civil Service Stores and the Army and Navy Stores, which, started among middle-class and upper-class people on a Co-operative basis, subsequently turned into ordinary profit-making concerns by refusing entry on equal terms to new members and appropriating all profits for the benefit of the existing members.

The whole question was thrashed out by a Parliamentary Committee, and in the following year, 1880, it was laid down that exemption from income tax should be restricted to Societies which placed no limitation on the entry of new members, and it was in addition specified that the exemption should not extend to the profits of trade with non-members. The trade with non-members was small in amount, for it usually pays those who trade with real Co-operative Societies to become members, and the Co-operative Movement naturally welcomed a provision which excluded bodies which were not really Co-operative from the scope of the exemption. It should, however, be understood that Co-operators were not by any means completely exempted. Co-operative Societies remained liable to income tax under Schedules A and B, income from ownership or occupation of land, and individual Co-operators whose incomes were above the exemption limit were taxable on the interest accruing to them from share or loan capital in Co-operative Societies. What did become established was that "dividend on purchases," as distinct from interest on shares or loans, was not taxable income, because the Co-operative trading "surplus" could not be correctly regarded as "profit." The point at issue can be put quite simply. A profit is normally the result of selling something to somebody else at more than its cost. But Co-operators who belong to Consumers' Stores sell not to somebody else but to one another within a single Society, the object of which is not to make but to eliminate profit, as distinct from limited interest on invested capital. It is quite open to Co-operative Stores, instead of charging market prices and restoring the surplus to the purchasers as dividend, to sell at cost price and to pay no dividends. Indeed a few have done this ; but in general Co-operators prefer the dividend, which provides both an insurance against losses and a useful way of saving for the working-class consumer. Clearly a Co-operative Society which made no surplus and paid no dividend could not be taxable. Why, then, should tax be claimed because the Society chose to make in the first instance a charge in excess of costs and then to return the balance as a rebate to the purchaser? Chancellors of the Exchequer were at length induced to understand that such rebates were not profits, and the

controversy lapsed until it was revived in the twentieth century under renewed pressure from the private trading interests.

What was said in the preceding paragraph applies to Consumers' Co-operative Societies trading with their own members. It does not apply in the same way to Producers' Co-operatives, which have to sell mainly to non-members. The Christian Socialists were primarily interested in the Producers' Societies; and they were successful in getting them included in the exemption by getting it laid down that Industrial and Provident Societies of all types should be covered by the exemption granted to Friendly Societies, which from 1853 extended to Schedule D as well as to Schedule C. This form of exemption was continued, in rather loose wording, in the Act of 1862 and re-enacted in 1867; but in 1880, as we have seen, exemption was withdrawn from Societies which limited shareholding and sold to non-members, and this made most of the Producers' Societies subject to tax. This differentiation was retained in 1893.

In order to round off the income tax story up to the end of the century I have run a long way ahead of the order of events. After 1852 the Co-operative Movement had a reasonable legal basis for the operation of its individual Societies, but still lacked limited liability and provision for federal action. These two difficulties were removed by the Industrial and Provident Societies Act of 1862, which extended to such Societies the concession of limited liability already made open in 1855 to any joint stock company that chose to apply for it, and also authorised joint action by Societies, thus providing a legal basis for the Co-operative Wholesale Society, which was established the following year. The form in which federal action was authorised was that of making it lawful for one Co-operative Society to hold shares in another—a change which not only enabled the Stores to become joint owners of the C.W.S.,* but also made it possible for Consumers' Societies to advance capital to Producers' Societies and thus widened the opportunities for Co-operative Production. Actually this had been done on many occasions long before it was authorised. The Rochdale Pioneers, for example, advanced money to the Rochdale Corn Mill Society of 1850 and to the Rochdale Manufacturing Society of 1854. But up to 1862 such action was of doubtful legality. The Act of 1862 also raised the sum which an individual was allowed to hold as share capital in a Society from £100 to £200, and removed the limit placed in 1852 on the total sums which could be accepted by way of loans. A further Act of 1867 removed the limit of £200 on the amount which one Co-operative Society could invest in another, and thus made possible

*It should be noted that federal action was not fully provided for in 1862. It was only in 1913 that a further Industrial and Provident Societies Act authorised two or more Societies to join in creating a federal Society under their joint ownership—thus making possible the development of Federal Societies for particular purposes, such as dairying or laundering, and also giving a statutory basis for the Joint English and Scottish Wholesale Society.

the further development of Society investment in the C.W.S. and other federal bodies.

In 1874 Ludlow, who had been largely responsible for drafting the Acts of 1852 and 1862, was appointed as Chief Registrar of Friendly Societies, and in 1876 a great consolidating Act was passed incorporating all the earlier measures. A minor Act passed in 1871 had already made it easier for Co-operative Societies to deal in land, and, what was much more important, had authorised them to make loans to members on the security of real or personal property. Under this Act the Co-operative Wholesale Society opened its rudimentary banking department, in 1872, under the name of the "Loan and Deposit Department."* Four years later the Act of 1876 specifically legalised banking by Industrial and Provident Societies, and also made specific provision for the acceptance of small savings deposits. The Loan and Deposit Department became the Banking Department of the C.W.S., and with the local Societies as its agents the "C.W.S. Bank" gradually built up a large clientele not only among Co-operative Societies and individual Co-operators but also later among Trade Unions and other working-class bodies. Local Societies were also enabled under this Act to institute savings bank departments and "penny banks." There were further amendments of the Industrial and Provident Societies Acts after 1876, including an important consolidating Act of 1893; but in the main the legal position of the Movement had been fully secured when banking was brought within the scope of its recognised activities.

It remains to say a word on the subject of the legal conditions governing the educational activities of the Movement. The Friendly Societies Act of 1834, in authorising Societies for any purpose not contrary to law, had implicitly sanctioned educational work, and the Rochdale Pioneers were thus quite in order in including it among their original objects. The Friendly Societies Act of 1846 specifically included education among the legitimate purposes of "frugal investment," and thus strengthened the right of Societies to undertake it. But education was not included specifically in the Industrial and Provident Societies Act of 1852, being then covered under the Friendly Societies Act. In 1855, when the Friendly Societies Act was amended, the purposes of the "frugal investment" clause were deemed to have been met by the passing of the Industrial and Provident Societies Act, and the clause was dropped. This left the educational work of the Co-operative Societies without any legal foundation, and, as we saw, a struggle ensued with the Registrar, who refused to pass rules embodying educational objects. This accidental mistake was rectified in 1862, when Industrial and Provident Societies were specifically authorised to apply their surpluses to any lawful

*Actually it was started as the "Banking" department; but the name was changed almost at once in order to bring it into an appearance of conforming to the law.

object. Educational work, which had never been given up in practice by the more progressive Societies, could thereafter be pursued with full legality, and there was no further obstacle to the making of explicit provision for it in the rules.

This chapter has brought together the history of the steps by which the Co-operative Movement acquired its legal status. Evidently the Movement owes an immense debt to certain of the Christian Socialists for their help in drafting the required legislation, getting it passed into law, and helping the Co-operative Societies to put their rules and practices in order so as to take full advantage of it. This credit is not the less because the battle was far easier than that which had to be fought and won in the 'sixties and 'seventies in order to establish Trade Unionism on a sound legal footing. Trade Unionism had to encounter much more intense hostility than Co-operation among the governing classes, not a few of whom, as soon as the Owenite period was over and the close association between Co-operation and irreligion or Secularism had been broken, began to favour Co-operative Societies on the Rochdale model as valuable agencies of working-class thrift. No doubt the private traders were hostile; but their influence was not at that time very powerful in Parliament or among the governing classes generally. The days of closely knit Trade Associations and of huge department and multiple stores were still to come, and the attacks of the private traders did not until 1879 produce much effect. Even in 1879 they were in the main beaten off: only in the twentieth century did the threat of the private traders' opposition, fostered by widely read newspapers, become formidable.

The friends of Co-operation were thus able to make headway in Parliament without really serious opposition. The Movement had friends in both parties as well as among independent M.P.s. Cobden and Bright, who knew the Rochdale Society at first hand, were both strong supporters; but backers came from the Tory side as well. T. Sotherton Estcourt, who was one of the leading promoters of the Industrial and Provident Societies Acts, was a prominent Tory politician, and was president of the Poor Law Board in 1858 and Home Secretary in 1859. Shaftesbury, the Tory factory reformer, as well as Gladstone, was sympathetic. Gladstone, in 1867, paid strong tribute to the achievements of the Rochdale Pioneers. The difficulty was not so much to persuade Parliament to give Co-operation fair treatment as to get it to understand what was wanted and to allot the requisite parliamentary time. After 1850 Co-operation rapidly became respectable in the eyes of the middle classes, whereas Trade Unionism remained much longer an outlaw. That was partly why the two movements drifted further and further apart. We have seen how Henry Labouchere was frightened off from giving the Whig Government's support to the Industrial and Provident

Societies Bill in 1852 by the connection of the Amalgamated Society of Engineers with Co-operative Production, and how the Tories then put the Bill through. The Whigs were in fact the more sensitive to hostile trading and manufacturing opinion ; but after 1852 the connection with Trade Unionism became less close, and this made it easier to get support in both the parties. In the sphere of legislation the Co-operative Movement enjoyed an easily won victory because the governing classes saw no reason to suspect it of subversive intentions or even of flouting the then accepted "Laws of Political Economy." Was not John Stuart Mill a leading supporter, and were not most of the prominent economists ranged on its side ?

VIII.

THE ORIGINS OF THE CO-OPERATIVE WHOLESALE SOCIETY

The essential purpose of the Industrial and Provident Societies Act of 1862 was to provide a secure legal basis for federal action by Co-operative Societies, and especially for the creation of an effective Wholesale Society. Before this Act had made possible the establishment of the Co-operative Wholesale Society, which sprang into life in the following year, there had been a long sequence of attempts to put wholesale Co-operation on a satisfactory footing. These attempts go right back to the 'thirties or even earlier; indeed they began, and were bound to begin, as soon as Co-operative Societies came to exist in any considerable numbers. It was an essential part of the early Co-operative Movement based largely on Producers' Societies to endeavour to arrange for the exchange of such Societies' products; and this involved some sort of central depot or agency through which these exchanges could be organised. The earliest embryonic ventures into wholesale Co-operation were the foundation in 1829 of the London Co-operative Trading Society and the simultaneous setting up by the Liverpool Co-operative Society of a wholesale department. We know little of what was done by either of these bodies; but out of the former developed in 1830 the exchange bazaar organised by the British Association for the Promotion of Co-operative Knowledge—a centre at which Co-operative Societies in the London area as well as individuals could both sell and buy. The Liverpool venture, being started in a town which was primarily a great importing centre, was of a rather different character, its chief aim being to supply Co-operative Societies in its neighbourhood with imported products, thus enabling them to buy such goods more cheaply than they could have done if each Society had acted alone.

This Liverpool wholesale department—a section of the Liverpool Co-operative Society founded in or before 1829—was undoubtedly the foundation on which the Manchester Co-operative Congress of 1831 set out in the optimistic spirit of the time to build up a grandiose structure of wholesale Co-operation. The ambitious scheme approved at this first of the series of national Co-operative Congresses extended to the setting up “at the various seaports in the United Kingdom” of a number of “wholesale trading companies” to be formed “by unions of Co-operative Societies . . . in order to purchase and sell every article of consumption at the lowest possible price for the benefit of the several Societies forming such companies, and also to encourage and promote the sale and exchange of

Co-operative-manufactured and other produce." The scheme thus combined, characteristically of the time, the two ideas of a federal union of Consumers' Societies and of an exchange agency for the goods made by Societies of Producers. Its principal sponsors included Owen himself and the Owenite employer and merchant, John Finch, whom we have mentioned already in connection with Queenwood and with the proposed purchase of the Windsor Ironworks by the Amalgamated Engineers twenty years later.

The Liverpool scheme was further considered at the next Co-operative Congress, which met at Birmingham in October, 1831. By this time Owen, who had supported the plan at Liverpool, had come to the conclusion that it was unlikely to succeed in competing with private traders with large capitals at their command. He proposed instead that the Co-operative Societies should endeavour "to make arrangements with some house of extensive business" to act as their agent, or should at any rate appoint a committee to go into the matter further before taking definite action. This counsel of prudence did not find support, and Owen withdrew from the venture, which was launched at Liverpool without his aid under the name of the North of England United Co-operative Company, and was opened for business in December, 1831. For its support Co-operative Societies were called upon to contribute capital to the extent of £20 for every hundred members, and a fund of £500 was actually raised. In the first few months twenty-one Societies joined the United Co-operative Company and thirty-one began dealing with it, but the total sales reported to the London Co-operative Congress of April, 1832, were only £1,830, involving a small trading loss. The company's warehouse was reported to be plentifully supplied with goods of Co-operative manufacture and the Management Committee was hopeful of its future. At the next Congress, held in Liverpool in October, 1832, a small profit was reported, and a Co-operative bazaar was held for the sale and exchange of Co-operative products.

No other of the various trading associations proposed in 1831 seems to have come into existence, and after October, 1832, we hear no more of the North of England United Co-operative Company. We can only conjecture what became of it. Eighteen hundred and thirty-two was the year when Owen founded his National Equitable Labour Exchange in London, and his followers up and down the country set to work to convert their Co-operative Trading Societies into Labour Exchanges on the London model. It seems plausible to suggest that the North of England United Co-operative Company suffered, by 1833, a sea-change into the Liverpool branch of the National Equitable Labour Exchange, and then came to grief in the following year, engulfed in the general collapse of Owenite Co-operation which accompanied the defeat and disappearance of the Grand National Consolidated Trades Union.

In the meantime the efforts of the British Association for the Promotion of Co-operative Knowledge had led by 1832 to the creation of a similar body for the North of England, based on Manchester and Salford, which both had strong Co-operative Societies in being. In 1831 the Rochdale Society had proposed at the Birmingham Congress the establishment of a Co-operative Woollen Manufactory by joint action among a number of Societies—presumably as an expansion of the local Society which they had already set up. Thus Rochdale was early in the field as an advocate of federal action. For the time being, however, the leadership of the Co-operative Movement in Lancashire was in Manchester and Salford and not in Rochdale; and the Manchester movement, led by Joseph Smith of Salford, was more successful than most others in surviving the collapse of 1834. It developed, however, rather along Owenite than along trading lines, and through the Salford Social Institution became the effective headquarters of Owenite Socialism and Rationalist propaganda, letting the more strictly Co-operative work slip into the background.

From 1834 to 1847 the idea of wholesale Co-operation slumbered. It came back with the establishment of the Leeds Redemption Society in 1846 and of the Leeds Corn Mill in 1847, speedily followed by the Rochdale Corn Mill of 1850. The Co-operative Corn Mills of this period were in essence, and as far as the law allowed, wholesale concerns. Both the Leeds and the Rochdale Mills supplied not only the local Co-operative Societies but also other Co-operative Societies in the surrounding areas; for example, by about 1860 there were sixty Societies connected with the Rochdale Mill. But under the law as it stood up to 1862 it was impossible for one Co-operative Society lawfully to invest its funds in another; so that the Co-operative Corn Mills could not become strictly federal institutions on a Co-operative basis. What was done was that individuals from Societies which were customers of the Corn Mills became shareholders in them on behalf of their Societies so as to secure some element of federal control. This did not work very well, but at both Rochdale and Leeds the difficulties were overcome and the Mills were used by a growing number of Societies as sources for the supply of flour guaranteed to be free from adulteration.

Simultaneously with the foundation of the Rochdale Corn Mill Society and the development of the Leeds Corn Mill came a more ambitious attempt to establish a general agency for wholesale trading open to the entire Co-operative Movement. In June, 1850, when the Christian Socialists gave their Society for Promoting Working Men's Associations a definite constitution, Lloyd Jones was engaged as a propagandist to tour the country on behalf of the movement, and especially to enlist the support of the Co-operative Societies in the North of England. As an old Socialist Missionary who had for

a long time made his headquarters in Manchester and had spoken all over the country, he had excellent contacts; and during most of the winter of 1850-51 he was away in the North. He acted in close touch with Edward Vansittart Neale in London, who, with Ludlow, was chiefly in charge of the campaign for securing an Industrial and Provident Societies Act in the Co-operators' interest. Neale, running ahead of the other Christian Socialists, was by this time making large-scale plans for Co-operative development. In this he was much influenced by Lloyd Jones and Chevalier St. André, neither of whom was principally interested in the religious aims of the Christian Socialist group or in the tiny Working Men's Associations which the group was so painfully nursing. In June, 1850, St. André put forward a plan for a Co-operative Agency to act as a general centre for Co-operative trade and as a federal organ of the entire Movement. Neale, working on this plan, drew up a scheme of his own, including a "General Union" of Co-operative Societies based on the establishment of a common fund. Under this scheme the individual Societies, instead of working in entire financial independence, were to be linked together so as to help one another, the more successful assisting to sustain the burdens of those which were having a harder struggle. In addition the General Union was to have as its auxiliary a Central Co-operative Agency on the lines suggested by St. André.

As a first step Neale provided, in October, 1850, the capital for opening a central London Co-operative Store in Charlotte Street, the old headquarters of the Owenite Equitable Labour Exchange. Lloyd Jones was made manager of this Store, and St. André supervisor. This Store seems to have provided for dividend on purchases in a rudimentary form. Hardly had it begun business when Lloyd Jones left for the North, where he had got together a conference of Co-operative Societies to meet in Manchester over Christmas. The main business of the conference was to discuss the proposed Industrial and Provident Societies Act; but before it met Jones had succeeded in establishing a Northern Store at Manchester on lines similar to those of Neale's London Store. In April, 1851, a further Co-operative Conference, meeting in Bury, was persuaded by Lloyd Jones to pass a resolution in favour of the establishment of a "Central Trading Department," and to set up a committee to go into the question and report back to a later conference.

The following month, in London, the Central Co-operative Agency opened its doors to trade on the premises of the London Co-operative Store in Charlotte Street. In June a much more representative Co-operative Conference, including Societies from Yorkshire as well as Lancashire, met in Manchester. At this conference the committee chosen at Bury—Lloyd Jones himself, James Smithies of Rochdale, William Bell of Heywood, and James Campbell of Manchester—presented its report in favour of a

Co-operative Wholesale Agency; and by a fortunate accident the text of this report, in the handwriting of James Smithies but said to have been drawn up by Lloyd Jones, has survived. It begins by stressing the need for measures to combat the sale of adulterated goods and to give the local Co-operative Societies the advantages of large purchases in the wholesale markets; and it then goes on to propose the raising of a capital of £3,000 in £5 shares, to be taken up in the first instance by local Co-operative Societies and thereafter to the extent necessary by individual sympathisers. This capital was to be paid up by instalments, and on the sums paid up interest was to be allowed at 5 per cent. The balance of profit was to be divided one-fourth to a reserve fund, until this fund was equal to the paid-up capital; one-fourth to a fund for use in promoting the formation of Working Men's Co-operative Associations; and two-fourths to the payment of dividends to Societies in proportion to their purchases.

This scheme is in most respects practically identical with the plan adopted by Neale for his Central Co-operative Agency. There are, however, two differences, and one of them is highly significant. Neale's plan did not specifically give Societies the priority over individuals in subscribing the capital required; nor did it provide for dividend on purchases, allocating the "two-fourths" instead to payment of a bonus on wages to the employees of the Agency.

This latter is the significant difference—the beginning of the long controversy over "bonus to labour" which rent the Co-operative Movement for many years. It appears that Neale, whose original plan reflected the views of Ludlow and the inner Christian Socialist group, must have agreed to modify it so as to meet the views of the Manchester Conference. At all events we find the Council of the Society for Promoting Working Men's Associations, in resolutions welcoming the establishment of the Central Co-operative Agency, adding a rider to the effect that its sponsors should "endeavour permanently to associate with themselves those whom they may employ in the business"—a declaration in favour of the abandoned principle of profit-sharing with the employees.

Indeed there arose a sharp controversy over this and other issues between Ludlow, the leader of the more strictly Christian group, and the supporters of the Agency. Ludlow, who had been away in the North, came back in October and delivered a vehement attack. The Agency had just sent out a circular letter to the Trade Unions endeavouring to enlist their support. After urging them to establish Producers' Co-operative Societies the circular went on to advocate the formation of Consumers' Co-operative Stores, to be promoted by the Trade Unions for the supply of their members with unadulterated goods at fair prices, the Central Co-operative Agency acting as a source of wholesale supply.

To these proposals, and to the general course taken by the C.C.A., Ludlow objected strongly on the ground that they were a shameless appeal to the commercial instincts of the workers and implied an abandonment of the moral principles on which the Christian Socialists had founded their movement. He demanded a complete divorce between the Society for Promoting Working Men's Associations and the Agency, and even a public repudiation of Neale's doings. Maurice endeavoured to arrive at a compromise. The S.P.W.M.A., which had been housed at Charlotte Street, moved out to new quarters on the premises of the Working Tailors' Association in Castle Street, where it proceeded to build its new hall for meetings; and the S.P.W.M.A. and the C.C.A. went their independent ways. But a public quarrel was averted, and Neale and Hughes were able to retain their connection with both bodies.

This incident illustrates very clearly the difference of outlook between the two schools of thought. For the Christian Socialists proper, Producers' Co-operation, on a basis of high moral principle, was the objective; and Consumers' Co-operation was valued only to the extent that it helped to provide an outlet for goods made by the Producers' Societies. For the Co-operators of the North, even if they strongly favoured Producers' Co-operation, as many of them did, Consumers' Co-operation came first. Neale and Lloyd Jones stood midway between the two points of view, trying to combine them into a single unified movement. The C.C.A. and the Stores connected with it were meant to serve a double purpose, both as wholesale agencies for the supply of goods bought in the ordinary markets and as means of promoting the sale of goods made by associated producers. When it became plain that the C.C.A. would be in practice much more a general wholesale agency than an exchange and mart for Co-operative products the S.P.W.M.A. tried to organise at Castle Street a Co-operative Bazaar exclusively for the latter purpose. This came to nothing, and the C.C.A. agreed to give special facilities for the display of Co-operative goods, moving in 1853 to bigger premises in Oxford Street largely in order to be able better to display such products. Neale did all he could to meet the views of Ludlow and Maurice, but he would not give up his wider purpose of trying to establish a general agency for the Co-operative Movement as a whole—which meant in practice mainly a supply agency and depot for the Consumers' Societies.

There was, however, as I have said, no breach. The Society for Promoting Working Men's Associations continued to act as the central organising body for the movement; and the London Co-operative Conference of 1852 met in its new Castle Street hall. Neale nevertheless felt the need for a propaganda movement on a wider basis; and in that year, with Thornton Hunt, the son of Leigh Hunt and editor of *The Leader*—the best advanced journal of

the time—and William Coningham of Brighton, he started the Co-operative League as an auxiliary to the C.C.A. As we have seen, he also proposed a separate Co-operative Investment Society to raise capital for Co-operative projects, but nothing seems to have come of this.

In the meantime what was happening in the North? London was too far off to act effectively as a Wholesale Society for the Lancashire and Yorkshire Stores, whose buyers wanted to see what they were buying and dealt in the markets of Manchester and other big Northern centres. They were, indeed, prepared to buy through London a few things, such as tea; and Woodin, who was an expert, built up a good trade with them in such goods. But this did not go far towards putting the C.C.A. on its feet, and there was in the South of England no stable Consumers' Co-operative Movement with which it could build up a steady trade. It suffered, moreover, a serious blow at the end of 1852 when St. André seceded after a quarrel and set up his rival Universal Supply and Demand Establishment in Fenchurch Street—subsequently known as the "Universal Provider." St. André circulated the Northern Stores and managed to divert some of their custom from the C.C.A. at a very critical stage in its career. But the direct loss of trade was probably much less important than the loss of general confidence resulting from the sequence of disputes in which the C.C.A. had become involved.

It was just before the outbreak of these disputes that the Rochdale Pioneers had established their new wholesale department in 1850, and in the midst of them that they gave this department a more formal status and adopted amended rules for its conduct under the Act of 1852. The Pioneers were not hostile to the C.C.A. They dealt both with it and, later, also with St. André's Universal Provider. But there seemed more chance of helping the local Societies in Lancashire to get good wholesale terms by arranging for the Rochdale buyers to buy for them also at Manchester or Liverpool than by trying to extend distant dealings with the C.C.A. in London. The Manchester establishment set up by Lloyd Jones in 1850 as a branch of the Central Co-operative Agency seems to have faded out by 1852 or 1853, or to have become merged in the local Manchester Society and lost any wholesale character it had ever possessed; and the Rochdale Pioneers were much better equipped than any other Society for undertaking purchases for the Northern Societies, thus extending to other commodities what was being done already through the Corn Mill Society in the supply of flour.

From the establishment of the Rochdale Pioneers' wholesale department in 1850 to the creation of the North of England Wholesale Society in 1863 there is a quite continuous record of development. The story is at certain points difficult to piece together aright, and as far as I know no writer on the Co-operative Movement ever has

pieced it together until now. It is sheer nonsense to suggest that the story begins with the Jumbo Farm tea party of August, 1860, for a great deal had happened long before then, including probably earlier unrecorded meetings at that identical spot. Jumbo Farm has its place in the story, not at the beginning, but right in the middle of what is essentially a continuous though a tortuous process of feeling the way.

After the start in 1850 the next step forward is the Pioneers' resolution of July, 1853, "that Joseph Clegg look after the wholesale department."* Next comes, on September 18th, the resolution "to accept the terms of the conference, and become the central depot." I can attach only one meaning to this. It must refer back to the resolutions adopted at the Bury and Manchester Conferences in 1851, where the Lloyd Jones-Smithies plan for a wholesale agency had been considered and approved. Probably there had been in the interval other conferences at which the project had been further elaborated, and Rochdale in preference to the Manchester branch of the C.C.A. had been asked to take the responsibility of inaugurating a central agency for the Northern Societies. Holyoake, in his *History of the Rochdale Pioneers*, speaks of such a conference having been held at Leeds, but he was probably confusing this with the Leeds Co-operative Conference of 1854.

Immediately after the adoption of the above resolution the Pioneers agreed, in October, 1853, to amend their rules in order to make definite provision for the wholesale department, which had apparently been carried on so far without any formal regulations. The rules adopted provided for the division of the Society into two departments—wholesale and retail—and for the management of the wholesale department by a committee of eight members, plus the three trustees of the Society. Interest on the capital employed in the wholesale department was to be charged at 5 per cent, and the surplus was to go one-third to a reserve fund against trading losses and two-thirds to dividend on purchases. A provision which seems to have misled previous commentators is that which lays down that "the wholesale department shall be for the purpose of supplying those members who desire to have their goods in large quantities"—with the later provision for paying the dividend on purchases to members. This has been interpreted to mean that the wholesale department was not in fact selling to other Societies, but only to individual Pioneers who wished to buy in quantities greater than the normal. What it does mean is that under the Act of 1852 Societies received legal protection only in respect of trade with their own members. It was therefore necessary for them to arrange their wholesale activities under the guise of trading with members. This could easily be done by enrolling as members the buyers acting for

* See page 87.

the other Societies, and then crediting them as individuals with the dividends which they would be expected to pass over to their Societies. This was doubtless what was done, as it had been done on many previous occasions; or, of course, for greater security the trustees of the other Societies could be made members and the dividends paid directly to them.

The rules adopted in October, 1853, could not come immediately into force, as they needed to be accepted by Tidd Pratt, the Registrar of Friendly Societies, before they could acquire a binding character. This process of registration seems to have given some trouble, probably because Tidd Pratt knew very well what the new rules really meant. But registration appears to have been secured some time in 1854, and at the first meeting in 1855 a resolution was passed by the Pioneers' board "that we now go under the new laws." Whether this was done or wholesale trade was continued on the old lines is not quite clear, but it is clear that trouble developed almost at once. In April, 1855, a wholesale committee of eight members was appointed, and its composition seems to indicate that something peculiar must have happened, as it included none of the Pioneers most closely connected with projects of wholesale Co-operation. Of the original Pioneers only James Manock was on this committee; of the rest Thomas Hollows and John Clegg had been mainly active in the Corn Mill Society; and the others, except Jonathan Crabtree, who became a director of the Pioneers in 1857, were not very prominent. Three days later the board decided to meet the wholesale committee; and thereafter silence falls until, in November, 1855, it was decided to call a special meeting "to take into consideration the propriety of altering the laws relating to the wholesale department." In December the board passed a resolution in favour of repealing the laws of the Society relating to the wholesale department.

This resolution was not acted upon. In January, 1856, Abraham Greenwood became president of the Pioneers; and on January 7th the Society's Quarterly Meeting resolved "that the wholesale department be continued," but also appointed a committee of seven persons "to inquire into the grievances complained of in the present system of carrying on the wholesale department." This committee contained only one member, Edward Farrand, who had served on the wholesale committee of the previous year. It was eminently a strong committee, representing the effective leadership of the Pioneers. On it were James Tweedale, of the original twenty-eight; J. T. W. Mitchell, just beginning to take a prominent part in the Society's affairs; Samuel Stott, the first president of the Corn Mill Society, and later an original member of the C.W.S.; Abraham Howard, later president of the Pioneers; James Nuttall; and John Martin.

In March, 1856, a conference was held in Rochdale with Abraham Greenwood in the chair to consider the question of the wholesale department. The Pioneers' delegates were Howarth, Smithies, Cooper, Stott, and Thomas Cheetham—the strongest possible team—and among the others were John Hilton and Edward Booth (of Middleton) and Edward Hooson and James Dyson, the Manchester leaders. At this meeting it was proposed that the Rochdale wholesale department should be converted into a federal agency representative of the various Societies, and this proposal was to be reported to a further conference to be held on April 12th. The trading returns for the March quarter revealed a loss of £495 to the Rochdale Society on the trade of the wholesale department, and the quarterly meeting resolved "that our delegates support the plan of each member taking out four shares of £5 each for one representative" at the conference. At the same time the report of the committee which had been appointed to inquire into the affairs of the wholesale department was accepted by the meeting.

The April conference resulted in the formulation of definite plans for the establishment of a North of England Wholesale Society, and at the next quarterly meeting the Pioneers' Society approved the rules drawn up for this purpose, and agreed to invest £1,500 in the new body, Jonathan Crabtree being appointed as its representative. The Pioneers' delegates were instructed to give support to the proposed rules at the conference called for July 12th to take measures for establishing the Wholesale Society. But at this conference serious difficulties arose. The delegates were unable to agree about the terms on which the capital for the new Society was to be raised, and there were also differences of opinion about the correct method of charging for the goods supplied. Some favoured market prices with dividend on purchases; others favoured sale at cost price, plus a small commission to cover the Wholesale Society's expenses. Over these differences the scheme broke down, not without allegations that the Rochdale Society had been behaving unfairly in the charges it had made through its existing wholesale department. There were recriminations, the Rochdale representatives retaliating by references to unpaid accounts and disloyalty in purchasing elsewhere. Consequently in September William Cooper, as the Pioneers' cashier, was instructed to take steps "to collect the expenses incurred by the wholesale depot from the various Stores," and in October a resolution was actually carried "that the wholesale stock be dispensed with," that is, in effect, that the wholesale department should be wound up.

By this time, despite the quarrelling, trading conditions were getting better, and the resolution was not acted upon. Samuel Stott headed the opposition to winding up the wholesale department, and was successful in preventing this on the ground that the majority

at the meeting had been insufficient to authorise action under the rules. By the March quarter of 1857 the net trading loss of the department had been reduced from £495 to £142, and there seemed to be a good prospect of speedily turning it into a profit. The opposition, however, persisted, and in December, 1857, yet another committee was appointed to inquire into the wholesale department—again, from its composition, clearly a committee representing the opposition, for there was no leading member of the Pioneers on it. The best known members were Samuel Fielding, who was a trustee, and Matthew Ormerod, who was active on the library and newsroom committee. This committee reported in January, 1858, and a general meeting thereupon resolved to suspend the laws relating to the wholesale department pending a further consideration of the report the following month. The board this time decided to act on the resolution, and the wholesale department was accordingly suspended. In March the general meeting resolved not to receive the report of the wholesale committee, and in April a special meeting was called for the purpose of rescinding the laws under which the wholesale department had been carried on. Instead of doing this the meeting passed a resolution “that the wholesale department be not altered.” This seems to have been of no effect, for there is no sign that the wholesale activities were renewed. In March of the following year, 1859, William Cooper presented to the quarterly meeting a paper asking for the reopening of the wholesale department “in conjunction with other Societies,” that is, presumably, reviving the proposal for a federal Wholesale Society that had broken down in 1856; but the meeting rejected his plea and resolved “that the question of reopening the wholesale department be postponed to an indefinite period.”

From these somewhat scanty references it is possible to piece together a fairly complete story. It is clear that the Rochdale Pioneers' wholesale department was meant from the first to be merely a step towards the creation of a federal Wholesale Society, and that its establishment occurred while the Lancashire Societies, stimulated by the propaganda of Lloyd Jones and the work of the Central Co-operative Agency in the South, were trying to work out plans for a North of England Wholesale Society of their own. The Rochdale department was meant only as a stopgap, in view of the breakdown of the Manchester Agency founded by Lloyd Jones in 1850. Rochdale agreed in 1853 to “become the central depot” merely pending the working out of a proper federal scheme.

There were, however, great difficulties in the way of such a scheme under the law as it stood after 1852. The 1852 Act had not authorised federal action by Industrial and Provident Societies, and accordingly any formally federated body would have had either to be organised under the Joint Stock Companies Act—as Neale's

C.C.A. actually was—or to have been left without legal status. Some Co-operators favoured coming under the Companies Act, but others were strongly opposed to this on grounds of principle. It would, however, have been exceedingly difficult, or even impracticable, to carry on large trading operations without any legal status at all. Some of the promoters of the scheme thought that this difficulty could be got round by setting up merely an agency, which would not itself trade or hold stocks, but would simply arrange for trade to be financed by its members, and would charge only a small commission for its services. In form this was what the C.C.A. did, using its associated company, Woodin, Jones, & Co., which enjoyed the protection of limited liability, for its actual trading operations. In the North if this solution had been attempted it would necessarily have fallen to the lot of the Pioneers' wholesale department to do the actual trading on behalf of the proposed North of England Wholesale Society. This was what some of the Pioneers objected to, as exposing them to all the risks of the venture, while the other Societies would receive all its benefits. The other Societies on the other hand pointed out that the Pioneers would be doing quite well by getting 5 per cent on all capital used in the wholesale business, whereas they would get no advantage unless there were a surplus over and above this 5 per cent interest. There were also difficulties over the question of "Co-operative loyalty." Were other Societies to be compelled to buy through the Pioneers or through the proposed Wholesale Society, which would be in effect under the management of the Pioneers, even when they saw a chance of buying more cheaply elsewhere? Some of the buyers working for the other Societies objected strongly to being tied down in this way, but if they were not tied down the Pioneers would be liable to be left with unsaleable goods on their hands whenever they had bought on a falling market, and would have no means of recouping such losses if they were to be remunerated merely by a fixed commission on turnover barely sufficient to cover ordinary handling costs.

In face of these difficulties it is not at all surprising either that the Pioneers' wholesale department led to discontents and broke down or that it was found difficult to get an agreed plan for a North of England Wholesale Society. When in 1857 the Central Co-operative Agency, which had become in 1855 the recognised London agent of the Rochdale wholesale department, had to be wound up and there remained of Neale's great experiment only the commercial firm of Woodin, Jones, & Co., a further weapon was given to the opponents of the federal plan. Doubtless Woodin, Jones, & Co. continued to trade for a number of Co-operative Societies, and Woodin, who remained in charge, was held in high respect; but the enterprise had lost its Co-operative character, and no claim upon Co-operative loyalty could be made on its behalf.

Nevertheless some of the leading Pioneers, including Cooper and Smithies, wanted to go on with the Wholesale in spite of all the obstacles; but gradually most of the leaders, and above all Abraham Greenwood and J. T. W. Mitchell, became convinced that no effective Wholesale Society would be possible until the law had been amended to provide for federal action within the Co-operative Movement itself. Therefore the next phase opened with a demand for a new Act. Some time in 1859, Abraham Greenwood and Edward Hooson and J. C. Edwards, both of Manchester, met together and decided to institute a demand for an amendment of the Act of 1852. The services of Neale and Ludlow were enlisted, and thereafter the campaign for a new Act and the campaign for the Wholesale were in effect one and the same thing. Two main changes were wanted—power for one Co-operative Society to invest its funds in another in order to make federal action possible within the law and the concession of limited liability.

In 1860 a new ally entered the field. Throughout the 'fifties the Co-operative Movement had been badly handicapped for want of an effective journal of its own. *The Christian Socialist* of 1850 and its successor *The Journal of Association* of 1852, continued in *The Co-operative Commercial Circular* of the Central Co-operative Agency from 1853 to 1855, had to some extent met the need, though they had been conducted from too narrow a standpoint, and the *Transactions* of Neale's Co-operative League in 1852 and 1853 had contained a great deal of useful material; but after 1855 the Movement was left without any journal at all, and so it remained until in 1860 the Manchester and Salford Co-operative Society launched *The Co-operator*, edited at the outset by Edward Longfield, but soon taken over by Henry Pitman and made into a powerful advocate of wholesale Co-operation. From the summer of 1860 onwards *The Co-operator* wrote steadily in favour of a new Act and an effective Wholesale Society, and Pitman's work in the journalistic field did much to spread the ideas of Greenwood and his collaborators throughout the Co-operative Movement.

Mr. Percy Redfern, in his *Story of the C.W.S.*, has given the gist of a number of the articles and letters which in the early issues of *The Co-operator* stated the case for wholesale Co-operation. The most significant of these contributions came from William Bond, secretary of the Reading Industrial Co-operative Society, who in January, 1861, wrote proposing the following basis for the Wholesale Society already advocated by the editors:—

“Let a Wholesale Co-operative Society be organised by all the Stores at present in existence, and let the shares be, say, £20 each; then each Store could subscribe for one, two, or more shares towards the capital, up to as many shares as it may be thought fit to limit it. The Society could be worked by a

committee chosen at the annual conference from the various representatives of the Stores, in the same way as for an ordinary Store, and participating in the profits upon the same principle. By this means all the lesser Stores would be enabled to obtain goods as pure and as cheap as those who have the largest capital."

This was in essence the plan of the C.W.S. as it actually developed about three years later, and other articles in *The Co-operator* of 1860 and 1861 expressed much the same ideas. In the very same month as Bond wrote his letter another correspondent of *The Co-operator* announced the actual formation at Huddersfield of a wholesale depot designed to serve the neighbouring Yorkshire Societies. On account of the legal obstacles to federal Co-operation the Yorkshire Wholesale was being organised as a joint stock company so as to enjoy the advantages of limited liability.

Even before these developments the advocates of federation had resumed their efforts. It has often been maintained that the Co-operative Wholesale Society grew out of small beginnings made in August, 1860, at the "Jumbo Tea Party" held at Lowbands Farm, Jumbo, near Middleton, within the territory of the Oldham Co-operative Societies. Lowbands, founded in 1851, was a Co-operative farm and settlement called after the Lowbands estate settled in Gloucestershire under Feargus O'Connor's Land Scheme a few years earlier, and reproducing on a smaller scale some of the features of an Owenite Co-operative Community. Its manager, Edward Booth, we have met with already as one of the delegates to the conference held at Rochdale in 1856 to consider the formation of a Wholesale Society; and it is clear that it was a regular meeting place for the Co-operative leaders from Oldham, Middleton, Rochdale, and the surrounding areas, and a rendezvous for Co-operative festivals and social gatherings.

For what precise purpose, if any, the "Jumbo Tea Party" of August, 1860, was organised remains obscure. *The Oldham Chronicle*, in its report of the proceedings, laid stress on the discussion of the project for a Co-operative Cotton Mill, on which the attention of the Oldham Co-operators was at that time mainly concentrated. The Rochdale Co-operators, it will be remembered, had launched their mill in 1854, under the auspices of an independent Manufacturing Society, which had been registered under the Industrial and Provident Societies Act of 1852. The Oldham men were proceeding under the Joint Stock Companies Act chiefly in order to get the benefit of limited liability, which had become generally open to registered companies in 1855. This subject was uppermost in the minds of the Oldham people in 1860, and the discussion which seems to have taken place on this occasion about wholesale Co-operation passed unrecorded in the local Press. What appears to have happened is

that the question of amending the Industrial and Provident Societies Act was discussed, and this of course involved the question of the projected Wholesale Society. Those who were interested in these linked questions decided to meet again to thrash them out more fully, and following a further meeting held at Oldham a conference met at Rochdale in October, 1860, and appointed a committee to pursue the matter further. William Cooper became secretary to this committee, and his minute book, which begins in November, 1860, has fortunately been preserved, so that we have a continuous, if sparse, record of what happened between this date and the setting up of the C.W.S. in 1863.

The next step was taken at a conference attended by between fifty and sixty delegates who met at Manchester over Christmas, 1860, and inaugurated a series of Co-operative Christmas Conferences extending over the next few years. This conference was chiefly concerned with the measures needed for furthering the legislation which the Co-operative Societies desired. Neale had agreed to act as draftsman for the projected Bill, and the conference was asked to elect a committee to collaborate with him in this and to provide a fund of one farthing per member to cover the necessary expenses. These proposals were accepted, and it was also agreed that as a step towards a co-ordinated buying policy the buyers acting for the various Societies should meet regularly in Manchester to compare notes. The Manchester Society agreed to provide facilities for these meetings.

The committee which reported to the Manchester Conference was not representative of any large number of Societies. It consisted of Abraham Greenwood and William Cooper, from Rochdale; William Marcroft and Henry Hewkin, from Oldham; Edward Hooson and James Dyson, from Manchester; and John Hilton, from Middleton; together with Charles Howarth, who now represented no longer Rochdale but the neighbouring town of Heywood. These eight added to themselves James Smithies, Samuel Stott, and Thomas Cheetham, all of Rochdale, and J. C. Edwards, of Manchester. At the Manchester Conference a much smaller committee, consisting of Cooper, Greenwood, and Stott, was appointed to act with Neale in drafting the proposed Bill, the larger body continuing for the discussion of plans for the creation of a Wholesale Society.

During the early months of 1861 there were further conferences at Oldham and at Middleton—the latter probably at Lowbands Farm—to discuss the text of the Bill; and in June R. A. Slaney, who had been responsible for the 1852 Act, introduced it into Parliament with Richard Cobden and Sotheron Estcourt as his backers. As we have seen, the Government was unable or unwilling in that session to allow time for its passage, and nothing further could be done until the following year. It was, however, clear that the

Bill was likely to pass during the 1862 session without any considerable opposition, and the larger committee therefore went ahead with its plans for setting up a Wholesale Society as soon as it had become law. At Christmas, 1861, a further conference held at Rochdale decided definitely on establishing such a Society, and called for a payment of one halfpenny per member, following upon the farthing levied the year before, in order to cover the initial expenses. According to the speech made by Estcourt in the following session in support of the Bill, there were already in 1861 no fewer than 150 Co-operative Societies in operation with a combined turnover of £1,500,000 during the year.

In 1862, as we have seen, the amending Industrial and Provident Societies Act duly became law. The new Act conceded both limited liability and the right of one Co-operative Society to invest in another, and federal action thus became practicable without recourse to the Companies Act. It was at once evident that the desire for federal action was not confined to Lancashire and Yorkshire. Before the end of the year the Co-operative Societies of the North-Eastern area were considering the establishment of a Northern Union of Co-operative Stores with headquarters at Newcastle-on-Tyne; and in the Eastern Midlands a Midland Counties Co-operative Wholesale Industrial and Provident Society Limited had been actually started at Northampton with the support of fourteen neighbouring Societies. This federal Society lasted until 1870, when it was brought down by the failure of the retail Northampton Society, by which it had been in fact conducted much on the lines of the Rochdale wholesale department in the 'fifties. The Bristol Society also opened a wholesale department in 1862, and one of the Oldham Societies which had begun wholesale dealing on a small scale in 1861 also expanded for a time as an agency for its smaller neighbours, thus taking over in part the work surrendered by the Pioneers with the closing of their wholesale department.

The stage was now fully set for the definite establishment of the North of England Wholesale Society. The Christmas Co-operative Conference of 1862 was held at Oldham, and Abraham Greenwood read to the delegates a paper outlining his scheme for its operation. His proposal was on modest lines; he had presumably been discouraged by the difficulties encountered in the 'fifties. Briefly, what he advocated was a Co-operative Wholesale Agency to operate on a commission basis, and so designed as to require the smallest possible amount of capital and to involve the minimum of risk to the new body.

From Oldham the question was referred to a special conference held in Ancoats, Manchester, in April, 1863. On this occasion 200 delegates attended, and support for the proposed Wholesale Society was reported not only from Lancashire and Yorkshire, but also from scattered Societies all over the country. Delegates were present from

London and Dublin, and small subscriptions were reported from Societies in London (East and West), Newcastle and Blaydon on the North-East Coast, Cradley Heath in Staffordshire, Ipswich, Dover, Glasgow, and even Landore in South Wales—though Wales was then mainly a “Co-operative desert.” Abraham Greenwood again put forward his plan, which was presumably that of the committee with which he had been working since 1860, and a heated discussion at once arose. Many delegates considered that the plan was much too unambitious, and that it was not enough to create a mere “agency”; they wanted a “depot” as well, by which they meant that they wanted the new body to hold stocks of goods and sell on its own account as well as conduct mere agency business on behalf of its affiliated Societies. In the end, after a confused discussion, it was agreed to set up both an agency and a depot; and the federation was established under the cumbrous title of “The North of England Co-operative Wholesale Agency and Depot Society Limited.” The financial arrangements, however, were left as Greenwood had proposed, and were much more suitable for an agency than for a real trading body. The Society was to deal at cost price, *plus* a commission to cover its costs, and was thus left unprotected against the risk of price fluctuations in any stocks which it might acquire for subsequent resale.

The desire of the promoters was to establish the new Wholesale purely as a federation of retail Societies. Neale, however, had advised that for legal reasons they should provide also for a number of individual members. The reason for this was that under the Act of 1862 the amount which any Society could subscribe to the funds of the Wholesale was limited to £200, and it was feared that this might not yield enough to give it a reasonable start. Individual members could add a further £200 each, and this could be in fact provided by their Societies in their names. Accordingly twelve of the leading promoters were enrolled as individual members, and their names are worth recording. Six of them—Smithies, Cooper, Greenwood, Cheetham, Stott, and Howarth—were from Rochdale, though Howarth by now represented Heywood; two—Marcroft and Hewkin—were from Oldham*; and another three—Hooson, Edwards, and Dyson—from Manchester. Hilton, from Middleton, completed the list, which was thus drawn from a very small area. There was no representative from Yorkshire, and none from any of the North Lancashire towns; nor was there anyone from Merseyside; yet the conference decided to place the registered office of the new body in Liverpool, where accommodation was offered by the local Society. No explanation is given of this decision, which must, I think, clearly have been due to local jealousies. Manchester was in most respects the ideal location, but its local Society was much less

* Both were from Oldham Industrial Society. Oldham Equitable was not represented.

firmly established than the Societies at Rochdale and Oldham, and these two were rivals. The Oldham Societies were already doubtful in their allegiance, and it was probably felt that they would refuse to come in if either Manchester or Rochdale were chosen.

The next problem was that of getting the rules into proper form for registration. It was proposed to hold a conference in Liverpool at Whitsuntide, 1863, to approve the rules in final form, but this conference seems not to have been held. The rules were, however, drafted and submitted for acceptance to the Registrar; and in August, 1863, the North of England Co-operative Wholesale Agency and Depot Society Ltd. was enrolled. In October the provisional committee held its first meeting in Manchester, and in the following month was held, also in Manchester, the first general meeting, at which the regular officers and committee were elected. By that time forty-eight Co-operative Societies had agreed to join.

The first "Board" of the C.W.S. was drawn from the same narrow group as had been responsible for bringing it into existence. Abraham Greenwood was president, and James Smithies treasurer, and another Rochdale man, Thomas Cheetham, was on the management committee with Charles Howarth. J. C. Edwards, of Manchester, was secretary, in place of Cooper; and the remaining two members of the committee were William Marcroft, of Oldham, and John Hilton, of Middleton. But the Oldham Industrial Society, despite attempts to conciliate it, refused to join; and Marcroft was replaced by James Nield, of Mossley, an old Chartist who was also actively connected with the Oddfellows. At the November conference the headquarters were left unaltered, but in December the management committee, following upon the Oldham secession, abandoned this pretence and moved the registered office to Manchester.

Actual trading began in a small warehouse in Cooper Street, Manchester, in March, 1864. An attempt was made to get Samuel Ashworth (the youngest of the twenty-eight Pioneers, and the manager of the Rochdale Society) to come to Manchester and take charge, but the Pioneers were unwilling to let him go, and the insecurity of the new job was such that he preferred to stay where he was. In May thirty-two Societies sent delegates to the first half-yearly meeting.

At the outset the difficulties were formidable. The new Society was not equipped to act on any substantial scale except as a mere agency, and could deal only on commission terms. It had to find buyers where it could, and was not at first able easily to find men who were at once honest and enterprising and good judges of a bargain. The buyers employed by the local Societies were mostly shy of it. They had established trading connections with a number of wholesale firms, and they were reluctant to abandon these and to put themselves into the hands of an untried body which threatened them with a loss of status. At first the Wholesale dealt only in a

limited range of groceries, and did not touch flour, which would have involved it in competition with the Rochdale Corn Mill. It was soon recognised that within these limits success was unattainable, and in October there was a drastic change of policy. It was decided to cease selling at cost price, or charging a commission, and to sell instead at market prices, returning the surplus to the member Societies as a dividend on their purchases. This done, the Wholesale was free to develop as a real trading concern instead of a mere agency, and on this changed basis success was speedily assured.

In October, 1864, when the first C.W.S. statement was drawn up, the capital, including loans, was only £2,455, and the total membership of the Societies affiliated only 18,000. Two years later capital and loans had risen to £11,000 and affiliated membership to 31,000. Trade in the first full year amounted to £120,000, and in the following year to £175,000. In 1874, after a full ten years' work, capital was £61,000, *plus* £193,000 of loans and deposits, affiliated membership was nearly 200,000, and trade had risen to nearly £2 million. The growth was continuous from year to year, though it proceeded at an uneven pace. The Rochdale Pioneers contributed about one quarter of the original membership, but by 1875 they numbered only about 3 per cent of the total. By 1867 there were already more than 250 Societies affiliated, and undoubtedly the growth could have been more rapid than it was had not the committee been inclined to caution. In 1867 they were strongly urged to set up branches in Newcastle-on-Tyne and in Glasgow, but they refused. Co-operation was then developing fast on the North-East Coast, and Manchester was much too remote to serve effectively as a distributing centre. But the C.W.S. leaders were not prepared to risk the expansion at that stage, even though the North-East clearly came within the scope of a "North of England Wholesale Society." As for Scotland, where Co-operation was old-established and had deep roots, the advice of Manchester was that the Scottish Co-operators should set up a C.W.S. of their own, and they sent a representative to attend the conferences called for this purpose, out of which arose the Scottish Co-operative Wholesale Society.

The committee was, however, eager to extend its influence nearer home, and especially to secure the effective participation of the numerous Societies in the West Riding. With this object James Crabtree, of Heckmondwike, was persuaded to join the committee in 1865, and though he subsequently tried to resign on account of the difficulty of getting to meetings in Manchester his resignation was not accepted, and gradually a large number of the Yorkshire Societies were drawn in. In 1866 the commercial organisation was considerably strengthened by the addition of Samuel Ashworth, of Rochdale, to the buying staff, of which he soon had full control. His coming was a sign that the C.W.S. could be regarded as securely on

its feet after its initial trials. In the same year the committee launched out on its first overseas venture by appointing a butter buyer and establishing a depot in Tipperary—the first of many reachings-out towards the primary sources of supply.

The following year, 1867, was notable for the passing of a new Industrial and Provident Societies Act, which, by removing the £200 limit on investments by Co-operative Societies in other Societies, made much easier the building up of capital out of the surplus funds in the hands of the retail Societies. No great use was made of this new facility for a few years, but advantage was at once taken of it to abolish the provision for individual membership, and the twelve original members duly surrendered their shares. Moreover, in 1868 the C.W.S. committee felt sure enough of itself to allocate £10,000 to the building of a warehouse of its own to replace the rented premises in which it had been housed in its early days.

The new rules made in 1867 under the new Act introduced certain further changes. Dividend at half-rate was for the first time allowed on purchases made by Societies which were not members, and quarterly meetings were substituted for half-yearly meetings of the members in order to stimulate the interest of Societies and secure more effective contact and control. The committee was also enlarged from seven to nine members, but even so all except Crabtree were still drawn from the narrow area in South-East Lancashire in which the C.W.S. had been born.

The year 1867 was further notable for the beginnings of Co-operative insurance. Co-operative Societies were by this time large owners of buildings and other insurable property, on which they were paying premiums to ordinary insurance concerns. As early as 1863 the question had come up whether the Movement could not take its insurance into its own hands, and in 1867 a specially summoned Co-operative Conference—summoned on this occasion by the C.W.S. committee—decided to set up a Co-operative Insurance Company primarily for fire risks. The new body had to be registered as a joint stock company, because insurance was outside the authorised functions of Societies under the Industrial and Provident Societies Acts, and this led to unhappy consequences later, as the Societies which became shareholders in the C.I.C. were able to extract a large capital profit from the appreciation in the value of the shares. There was, however, in 1867 no alternative way of embarking on insurance business, and the danger of using the company form had to be faced. The Co-operative Insurance Company was housed in its early days at Rochdale on the premises of the Pioneers. Abraham Greenwood, the C.W.S. president, was manager, and William Cooper, the handyman of Co-operation, was secretary until his premature death in 1868.

Incidentally, this insurance conference of 1867 was the first National Co-operative Conference, apart from the meetings of the

North of England Wholesale Society, held since 1863. The Christmas Conferences held from 1860 up to the foundation of the C.W.S. had ceased, and the group that had promoted them was too busy with the development of the Wholesale to spare attention for calling the representatives of the Movement together on a national scale. Only when the Wholesale had been securely established did the Co-operative leaders turn back their attention to equipping Co-operation with a national body to represent it in all its aspects, and not solely as a trading concern.

IX.

CO-OPERATIVE GROWTH IN THE 'SIXTIES AND 'SEVENTIES

In 1867, as we have seen, the young North of England Co-operative Wholesale Society rejected a proposal that it should establish a Scottish branch, but agreed to send a representative to a conference of the Scottish Societies called for the purpose of considering ways and means of developing wholesale Co-operation in Scotland. The following year the Scottish Co-operative Wholesale Society was launched as a separate body, with the blessing of its English predecessor but without any formal link between the two; and the S.C.W.S. has remained right up to now an independent body, though relations have become much closer and there is nowadays a joint Society controlling tea plantations and other combined activities of the two Wholesales.*

Behind this development of an independent Wholesale Society for Scotland lies a long history of Co-operative growth. Scotland was early in the field with Consumers' Co-operation. The Society of the weavers at Fenwick, in Ayrshire, is the earliest of all known Societies, except the Corn Mills at Woolwich and Chatham; and though this Society was short-lived, the next comer, the Govan Victualling Society, which had a continuous existence from 1777 to 1909, also takes precedence over any other body in England. The Bridgeton Victualling Society of 1800, the Lennoxtown Victualling Society of 1812, and the Larkhall Victualling Society of 1821 are other very early Scottish Societies which go back beyond the Owenite period, and both Lennoxtown and Larkhall are still alive and active in 1944. Scotland was also, unless we count George Mudie's experiment of 1821, the home of the first Owenite Co-operative Community—Orbiston—which was started in 1825; and it was, of course, in Scotland that Owen conducted his famous mills and worked out on the basis of his experience as a manufacturer his plans for a new social order to replace the competitive capitalist system.

New Lanark, however, was never a Co-operative venture, and the New Lanark Store at which Owen sold his workpeople unadulterated goods at low prices was not founded on a Co-operative basis. Owen's influence was nevertheless responsible for the first extensive development of Consumers' Co-operation among the Scottish workers. The Glasgow Co-operative Society and Exchange Bazaar, known as the London Street Stores, which was active in the early 'thirties under the leadership of Alexander Campbell, was an Owenite venture

* In 1944, as I write, amalgamation between the C.W.S. and the S.C.W.S. is being seriously discussed.

—eclipsed, like so many others, in the general defeat of the Owenite Movement in 1834. But in the meantime there had been a flowering of other Societies which may or may not have been the outcome of Owenite influence. Such were the Bannockburn Society of 1830, the Brechin and Arbroath Societies of 1833, and an Aberdeen Society of the early 'thirties of which only the barest memory remains. In 1837 Alexander Campbell, whose journals of the early 'thirties had done much to spread a knowledge of Co-operation among the Scottish workers, was appointed as a regular Owenite "Missionary"; and during the next few years a number of Co-operative Societies, several of which still survive to-day, came into existence. Among them were Societies at Galashiels (1839) and Hawick (1839), centres of the Border tweed industry; at Forfar (1838), away in the North; at Tillicoultry (1840), in Clackmannan; at Darvel (1840), in Ayrshire; and at a number of places in Fife—East Wemyss (1838); Leslie (1839); Kingskettle (1840); Freuchie (1842); Falkland (1843); Auchtermuchty (1845); and Dysart (1846). Alva (1845) and Menstrie (1847) in the Stirling-Clackmannan area, and also Montrose (1846) in the North and Selkirk (before 1846) in the Border Country, are further Societies belonging to this period.

Although something can be attributed to Alexander Campbell's influence, these Societies are too widely scattered to have been the products of any single propagandist movement. Some of them had close connections with Chartism. The Hawick Society, for example, openly called itself "The Chartist Store." But in the main the Societies arose out of needs rather than theories, and except in a few areas such as Fife, where they were numerous, carried on in isolation, knowing little or nothing of one another's affairs.

The Scottish Societies show certain marked differences from those formed at the same period in England. There was in them usually little or no sign of regarding the opening of a Co-operative Store merely as a preparatory step towards the founding of an ideal community; and there was from the first in many of them a strong emphasis on thrift. Some were actually called "Savings Associations," e.g., the Brechin Society of 1833; and they set out before the days of the Rochdale Pioneers to provide a means for the "frugal investment" of the small savings of the workers. This led in some cases to an emphasis on the importance of dividend on capital which later stood in the way of the adoption of dividend on purchases. Moreover, most of the Scottish Societies became registered, when they registered at all, not under the "frugal investment" clause of the Friendly Societies Act but under the Acts providing for joint stock companies. Some of them were called "Store Companies" and not "Co-operative Societies," e.g., Hawick and Galashiels; and even after the passing of the Industrial and Provident Societies Act in 1852 a number continued to operate under the Companies Acts.

A third feature of difference was the great prominence of baking among the activities of the early Scottish Societies. Quite a number began as bakeries; others at the outset traded mainly in oatmeal, and only later branched out into general store-keeping. This was not the case in the larger towns, but some of the village Societies were for some time really Co-operative bakeries and little besides.

Founded in this modest way, the early Scottish Societies had a much higher survival rate than the more ambitious contemporary foundations in England; but they did not to any noticeable extent constitute a movement. They existed and met a real need among the poor weavers and other textile workers who were widely scattered all over Scotland. But nobody paid much attention to them and their growth was very limited, largely because their strength lay in declining trades and not, as was the case in both Lancashire and Yorkshire, in areas which were developing fast under the stress of the Industrial Revolution.

The second wave of Scottish Co-operation began in the 'fifties, and was centred at first round Glasgow, which was at that time developing very fast. Some time in the middle 'fifties a new Central Society was founded in Glasgow, again with Alexander Campbell as one of its leading spirits. Late in the 'fifties this Society began to launch out on a grand scale, founding branches in various parts of Glasgow and opening fine central premises. At about the same time the Glasgow bakers, involved in a big strike, proposed to set up a Co-operative bakery under producers' control, and when this attempt broke down the Glasgow Co-operative Society took over the plan under its own auspices. For a time all seemed to be going well and a number of new Societies were set up in the area round Glasgow, among them Paisley Equitable in 1858; St. Rollox in 1860; Barrhead, Thornliebank, Cadder, Dumbarton, and Tolcross in 1861; Cathcart and Vale of Leven in 1862. Simultaneously there was a stirring of activity in the Edinburgh area. St. Cuthbert's, which later became the largest and most successful of all the Scottish Societies, was established in 1859, and by 1863 there were five other new Societies in Edinburgh as well as a number in the area round about. Bonnyrigg had been founded before St. Cuthbert's, in 1856; and now came in quick succession Penicuik (1860), Dalkeith (1861), Rosewell (1861), Tranent (1862), Musselburgh (1862), Portobello (1864), Gorebridge (1864), and Bathgate (1864). There were similar developments in the Falkirk area, and from Glasgow the movement spread southwards into Ayrshire and Lanarkshire. Aberdeen, where the Society set up in 1830 had disappeared long before, set up the Aberdeen Northern Company on a Co-operative basis in 1861, and the following year Paisley followed up the success of its store-keeping by establishing the Paisley Manufacturing Society, which acquired a textile mill and embarked on production on a basis of sharing profits with both

customers and workers. For the first time Scottish Co-operation seemed to be assuming the character of a national movement spreading throughout the industrial areas, and a further impetus was given when in 1863 J. T. M'Innes started *The Scottish Co-operator*, the first Scottish journal exclusively devoted to Co-operative affairs.

In the same year the Glasgow Society made proposals for the constitution of a Wholesale Society for Scotland, parallel to the Society which was then actually being set up in the North of England. A conference of Scottish Societies was got together to consider this project in 1864, and a committee was appointed to report to a further conference. But at this juncture everything was thrown into confusion by the failure of the Glasgow Society, which had embarked on an expansion quite beyond its financial resources and had to be wound up. Something was saved from the wreck. A number of branches of the defunct Society managed to carry on as independent bodies—Parkhead, Anderston, and what became Glasgow Eastern among them; but the blow was severe, and the committee appointed by the conference of 1864 simply melted away.

At this point M'Innes, in 1865, got together a local conference of the Glasgow Societies to discuss the position. The delegates considered whether their best course might not be to apply for admission to the North of England Wholesale Society, but it was generally agreed that Manchester was too far off to serve as an effective source of supply. It was then suggested that it might be practicable to come to an arrangement with Manchester for a "partial agency" with some sort of branch in Scotland, and the conference decided to get into touch with the North of England C.W.S. and to call a more fully representative conference from all the Scottish Societies for the following year.

Accordingly, in 1866, delegates from forty Societies met in conference in Glasgow, and J. C. Edwards from Manchester attended on behalf of the C.W.S. The delegates were in a cautious mood, with the recent Glasgow failure very much in mind. They decided against forming a separate Scottish C.W.S., and recommended that if satisfactory arrangements could be made the Scottish Societies should take up shares in the North of England body. They also discussed a proposal to establish a federal Co-operative Corn Mill in Scotland on the lines of that set up at Rochdale in 1850, and also a Co-operative Insurance Society similar to the Society then in process of formation in England. It was, however, thought better to defer action on both these projects until it could be seen how negotiations were likely to develop with the English C.W.S.

In 1867 a further conference met, representing this time only thirty Societies. Edwards from Manchester was again present, but had to report that the North of England C.W.S. was not prepared to set up a branch in Scotland, though it was willing to give all the

help it could towards the creation of a separate Scottish Society. In these circumstances the Scots changed their minds and decided to proceed on their own with the help of their friends in England. A committee was appointed to work out plans for a Scottish Wholesale Society, and the Corn Mill project was also revived and referred to the same committee. This body duly reported to two conferences, held on January 1st and 2nd, 1868, at Glasgow and Edinburgh in order to secure the largest possible representation. At these gatherings forty Societies decided to set up the Scottish Co-operative Wholesale Society, which was thus able to begin with much more support than the English Society had received at its inception. A further conference held in Glasgow in August approved the rules, and the S.C.W.S. formally opened its doors for business in September. Glasgow was chosen as the headquarters, though there was soon pressure from Edinburgh for a branch to be opened there to serve the numerous Societies in the East of Scotland.

Not content with this substantial achievement the Scottish Co-operators were busying themselves simultaneously with other projects. In 1868, as the outcome of a strike, the Glasgow coopers set up the Co-operative Cooperage Society. The following year a number of Societies in the Clyde area joined forces to found the United Co-operative Baking Society, which for the time being elbowed the proposed Corn Mill off the stage. In the same year a conference of Societies discussed the formation both of a Scottish Co-operative Building Society and of a Co-operative Mutual Protection Society to undertake insurance for the Movement. In 1871 came the Oak Co-operative Mill at Tillicoultry for the production of woollen yarns and woven goods on the lines of the Paisley Manufacturing Society of 1862; and in 1872 this was followed by the Scottish Co-operative Ironworks at Glasgow—an ambitious project including a shipyard at Irvine as well as an engineering works at St. Rollox. This last project, like the contemporary developments in England, was an outcome of the engineers' "short time" movement for the nine-hours day. We shall see a little later what was the consequence of these extensive plans of Co-operative enterprise.

While these developments were in progress the Consumers' Co-operative Movement in Glasgow was getting back on to its feet after the disaster of 1864. Kinning Park and St. George's, to-day the two largest of the Glasgow Societies, both took shape in 1871, following on the foundation of Glasgow Eastern in 1865. Before this, in 1870, the establishment of the Glasgow and Suburbs Co-operative Conference Association had given a considerable stimulus to Co-operative development throughout the area, and this led to the establishment of similar associations in other districts. In 1870 the S.C.W.S. decided to share profits with its employees under the "bonus to labour" scheme, which with many modifications was

retained in Scotland long after the English C.W.S. had abandoned it in 1866 after only two years' trial.

Over this period, during which the Movement in Scotland was thus developing in independence of what was happening in Lancashire and Yorkshire, great Co-operative advances were also taking place in other parts of England, and particularly on the North-East Coast. The modern Newcastle-on-Tyne and Sunderland Societies both began their existence in 1859, and during the next few years Societies were formed in considerable numbers both in the shipyard and engineering centres and in the Northumberland and Durham coalfields. Of Societies which still existed in 1912, three were founded in 1860, twelve in 1861, eight in 1862, and ten more by 1865 in Northumberland and Durham alone. During the next few years the Movement spread southwards to Stockton (1866), Darlington (1868), and across the Yorkshire border to Middlesbrough (1867) and a number of other places in Cleveland. Altogether between 1859 and 1875 there were founded thirty-nine Societies in Durham, thirty-one in Northumberland, and eight in Cleveland—counting only those which still maintained a separate existence in 1912.

Naturally this rapid spread of Co-operation in an area which was growing very fast in population and industrial importance carried with it problems of its own. In the 'sixties and early 'seventies the coalfields of Durham and Northumberland were very rapidly developing their export trade. The steel industry was growing fast and was replacing the older iron industry in many of its branches, and shipbuilding was being revolutionised by new techniques and was developing chiefly on the North-East Coast and in the Clyde ports. The new phase of the Industrial Revolution based on coal and steel affected no part of England so much as the Tyne, Wear, and Tees; and these forces made the North-East in 1871 the storm-centre of the great movement of industrial advance by which after a tremendous struggle the engineering and shipbuilding workers succeeded in establishing the nine-hours day.

Under the stimulus of these conditions Newcastle-on-Tyne became in the later 'sixties one of the main centres of Co-operative activity as well as of Radical agitation in other fields. The miners of Durham and Northumberland were a long way ahead of those of most other coalfields in establishing effective Trade Unions, and conditions of work and standards of living and culture were far in advance of those which existed in other mining centres. Co-operation was slow in developing among the miners in most parts of the country, for the colliery villages were very isolated and the power of the colliery owners was very great. Trade Unionism among the miners in other coalfields was advancing fast in the 'sixties under the impetus given by the leadership of Alexander Macdonald. This Trade Union movement everywhere prepared the way for Co-operative organisation;

but only on the North-East Coast was Trade Unionism already strong and well-established and the miner already recognised as a fully skilled workman when Macdonald set out on his crusade.

In 1862, while the Lancashire Co-operators were still only meditating the establishment of the C.W.S., a conference of Co-operative Societies in Newcastle-on-Tyne, with the well-known Radical, Joseph Cowen, in the chair, decided to take steps to form a Northern Union of Co-operative Stores for purposes of wholesale trade. This led the following year to the issue of proposals for the foundation of a Newcastle Central Store to be maintained by the Societies in the area: but the required capital was not forthcoming and the project was allowed to lapse. Nothing further happened until 1867, when, as we have seen, the Manchester C.W.S. rejected a request from some North-Eastern Co-operators that it should open a Newcastle branch. After another long interval a conference of the North-Eastern Societies at Newcastle again considered proposals for wholesale Co-operation, and again appealed to Manchester. By this time the Manchester committee was feeling surer of itself, and it immediately agreed to open the branch desired by the Northern Co-operators in preference to a separate body of their own. This Newcastle branch of the C.W.S. was opened in 1872, and its fortunes at once became involved with the remarkable occurrences in the field of North-Eastern Co-operation which are dealt with on a later page.

The other region outside Lancashire and Cheshire and the West Riding in which the Co-operative Movement developed rapidly in the 'sixties was the East Midland group of counties—the old home of the framework knitting and lesser textile trades and a developing centre of boot and shoe production in the South and of coal and iron production in the Northern districts. Between 1844 and 1875 there were founded in the five East Midland Counties—Nottinghamshire, Derbyshire, Lincolnshire, Leicestershire, and Northamptonshire—no less than eighty-six Co-operative Societies which were still active in 1912. Nine of these were in the corner of Derbyshire nearest Lancashire and Cheshire, and were in effect an extension of the movement of Co-operation in the North-West. If these are left out we have still seventy-seven Societies, of which only five were in Lincolnshire. Of the rest Northamptonshire accounted for the largest number (twenty-three); Nottinghamshire had nineteen; Leicestershire seventeen; and the remainder of Derbyshire thirteen. There were three main agglomerations of Societies round Northampton, Leicester, and Nottingham, and of these groups that which centred upon Northampton was the first to display the characteristics of a vigorous and independent movement. In the early 'sixties the Northampton Society sprang into lively activity, acting as a wholesale agency for supplying its smaller neighbours; and on the passing of the Industrial and Provident Societies Act of 1862 its wholesale

CONSUMERS' CO-OPERATIVE SOCIETIES IN THE EAST MIDLANDS,
FOUNDED UP TO 1875 AND STILL EXISTING IN 1912

Date of Foundation	Notts	Derby	Leicester	Northants	Lincoln	Totals
Before 1844
1845-50	...	1	...	...	...	1
1851-55	...	1	...	...	...	1
1856-60	...	5	2	6	...	14
1861-65	...	4	3	6	10	24
1866-70	...	3	7	5	4	19
1871-75	...	11	5	4	3	27
Totals	...	19	22	17	23	86

CONSUMERS' CO-OPERATIVE SOCIETIES IN THE WEST MIDLANDS,
FOUNDED UP TO 1875 AND STILL EXISTING IN 1912

Date of Foundation	Staffs	Warwick	Worcester	Salop	Hereford	Totals	Totals for E. and W. Midlands
Before 1844	1	...	...	1	1
1845-50	1
1851-55	1
1856-60	...	2	...	...	...	2	16
1861-65	...	1	2	1	...	5	29
1866-70	...	2	3	...	2	7	26
1871-75	...	2	5	4	...	11	38
Totals...	7	11	5	3	...	26	112

department was converted into a federal body, as the Midland Counties Co-operative Wholesale Society. This occurred in 1862, a year before the North of England Wholesale Society took shape, and the new body established a Corn Mill under its own auspices and also worked in close association with a Producers' Co-operative—the Northampton Industrial and Provident Boot and Shoe Manufacturing Society. These efforts lasted until 1870, when the Midland Counties Wholesale, the Manufacturing Society, and the Northampton Retail Society all collapsed together. There had been losses on the Corn Mill, the machinery of the Boot and Shoe Society had become obsolete owing to new inventions, and the Wholesale Society had expanded beyond its capital resources. The Northampton Society was at once re-formed, and most of the surrounding Societies survived the crash; but few new Societies were formed in Northamptonshire in the 'seventies, when Co-operation was growing fast elsewhere.

The West Midlands were much less active in the 'sixties. Birmingham, once the stronghold of Owenite Co-operation, had become a Co-operative "desert," and there were only a few scattered Societies in Warwickshire, Staffordshire, and Worcestershire, and in the iron district of Coalbrookdale in Shropshire. There was some spread

from Northamptonshire in the 'sixties into Warwickshire. At Coventry the Leamhurst Lane Society (1832) had survived from Owenite days and a new Society was founded in 1867. Rugby was formed in 1862 and a number of other Societies had come into being before 1875, but there was nothing in the nature of a combined movement in the West Midlands at this stage. There was, however, in the 'sixties a spill-over of Co-operative development from Northamptonshire into Northern Buckinghamshire and into Oxfordshire. A little group of flourishing Societies grew up round Newport Pagnell (1866), and the Banbury Society (1866) became a leader in Co-operative

Meanwhile in London Co-operation languished. In 1862 G. J. Holcake and William Edger attempted to form a union of the Societies in the Metropolitan area, and a London Association for the Promotion of Co-operation lived a flickering existence for a brief period. In 1864 there developed out of this body a Metropolitan and Home Counties Purchasing Association designed to serve as a Wholesale Society, and this lasted on in a very small way until about 1869. Then in connection with the first of the new series of Co-operative Congresses a new move was made. A Co-operative Exhibition was held in conjunction with the Congress which took place in London, and out of this arose the Central Co-operative Agency—a revival of the very name used by Neale in the Christian Socialist days. This body was formed largely by believers in Producers' Co-operation, and tried to act mainly as a mart for goods produced by the Manufacturing Societies. It worked on friendly terms with the C.W.S., and tried to persuade the Societies connected with it to deal with Manchester for goods which it did not itself supply. It took premises in Castle Street, Oxford Street, the old headquarters of the Christian Socialists, and attempted to revive their tradition; but it did not rest on any secure basis, and by 1872 it was privately asking the C.W.S. to take it over. This the Manchester committee was unwilling to do, but after two conferences in 1873 with delegates of the London Societies the C.W.S. at length decided to open a London branch of its own. This was opened in 1874, and by friendly agreement the C.C.A. was wound up. The London branch had to cover an enormous and widely scattered area from the West of England up into the Eastern Counties, and in the early days the best part of its support came from the outlying Societies. In London itself the modern Consumers' Co-operative Movement had begun to take shape with the foundation of the Stratford Society among the railway workers in 1860, and of the Royal Arsenal Society at Woolwich in 1868—both on the scene of earlier Co-operative enterprises. Enfield Highway followed in 1872. A Brixton Society had been formed in 1864 and Societies at Hendon and in the East End of London in 1874. All these were still alive in 1912. There

were others which passed speedily away, or had been amaigamated to form larger Societies.

Around London, except to the East, there was little. Grays, in Essex, had a Society founded in 1866. In Kent the Sheerness Economical Society founded in 1816 was still at work, and a second Sheerness Society had been established in 1849. There were more recent Societies at New Brompton (1867), close by Chatham, and at Sittingbourne and Faversham, both started in 1874. Further south there were only isolated Societies at Folkestone (1866), Reigate (1863), Lewes (1865), and Arundel (1870). Hampshire had a Society at Portsea Island (1873), and there was one at Shanklin (1875) in the Isle of Wight.

To the west of London lay the Societies at Tring (1866) and Chesham (1875), and beyond them an active little group in Oxfordshire and Berkshire. Reading (1860), Oxford (1872, after abortive attempts in 1861 and 1863), and Banbury (1866) were all strong supporters of the new London Wholesale Branch. Still further west the Movement was comparatively strong in Somerset and Wiltshire. Swindon had two Societies founded in 1853 and 1860; and other centres of activity included Shepton Mallet (1861), Trowbridge (1861), and the mining area round Radstock (1868). Gloucester (1860) was a strong centre, and there were other small Societies in the southern part of the county. Co-operation was weak in Devonshire except at Plymouth (1859), and at Barnstaple (1867) and Bideford (1872) in the North. In Cornwall there was a Society at Falmouth (1867) and a little group of Societies centred upon Liskeard (1867).

North of the Bristol Channel the Movement was still in its infancy in South Wales. There were Societies at Newport (1861) and Blaina (1872), in Monmouthshire; and in Glamorgan there were seven or eight, all small, at Aberdare (1869) and to the south-west of it. Cardiff and the area round it showed little; and in all the rest of Wales there were only a few isolated Societies in the North at Brymbo (1874) and Bryn (1865). Wales was late in coming into the Co-operative Movement; the South Wales mining valleys were too much dominated at first by the truck shops and later by the grocers (who granted credit and even lent money) for it to be easy for the colliers and steelworkers to set up in mutual business on their own. Moreover chapel rivalries played a part in preventing common action.

Finally there was a good sprinkling of Societies in Essex and Suffolk. Norwich (1875) was alone in Norfolk, but Ipswich (1868), Bury St. Edmunds (1864), Colchester (1861), and Chelmsford (1867) were all active, and each had round it a group of smaller Societies. Cambridge (1868) was also well established and had a neighbour at

Sawston 1867, but there was a Co-operative "daser," to the west of Cambridge as well as in Norfolk.

The remaining venture into the field of wholesale Co-operation occurred in Yorkshire. In 1860 a number of Co-operative Societies in the area round Huddersfield joined forces to form the Huddersfield District Clothing and Provision Company, which was mainly owned by the neighbouring Stores, though it admitted individual shareholders. This body started a Corn Mill and continued in business until 1880. In the early days, though the C.W.S. made every endeavour to induce the Yorkshire Societies to deal with Manchester, there was some reluctance to do this. We have seen that James Crabtree, of Heckmondwike, was induced to join the C.W.S. committee in 1865, and complained of the difficulty of getting to Manchester for meetings. In 1870 when Abraham Greenwood became cashier, Crabtree succeeded him as chairman of the C.W.S., and at the same time John Shillito, the leader of the Halifax Co-operators, became a member of the committee. The areas of Yorkshire nearest to Lancashire were becoming full supporters of the C.W.S., but it took much longer to bring in some of those further afield. Leeds Co-operative Society, one of the largest in the country, actually remained outside until 1920; and for some time many of the leaders of the Yorkshire movement had closer connections with the North-East Coast than with Lancashire. Halifax, Huddersfield, and Leeds were the three principal centres of Yorkshire Co-operation in the 'sixties, each with a large number of smaller Societies grouped round it. The Sheffield area was relatively late in developing, and the Hull area later still. There was, as we have seen, a flourishing movement round Middlesbrough, but this was definitely within the orbit of Newcastle rather than of Manchester.

Side by side with the growth of Consumers' Co-operation there was in both Lancashire and Yorkshire, and also in the North-East as well as in Scotland, a very marked revival in the 'sixties of projects of Co-operative Production. It is exceedingly difficult in this field to draw any clear line between experiments which can be regarded as falling within the veritable field of Co-operation and other projects which, even if they were favoured and fostered by Co-operative leaders, were not really Co-operative in essence. We have records for the period from 1862 to 1880 of no less than 163 Producers' Co-operative Societies registered under the Industrial and Provident Societies Acts which were founded and disappeared between these dates, as well as of a dozen or two that survived; and in addition to these there were many more which were registered as joint stock companies but had something of a Co-operative character or were sponsored by recognised Co-operators as Co-operative ventures. These Societies were of the most varied nature. We have seen how in the 'fifties the Rochdale Pioneers, instead of starting productive

enterprises under their own control, founded their Corn Mill and their Manufacturing Society as separate concerns in which they invested capital but also allowed and encouraged investments by individual shareholders. Of these two the Corn Mill in effect became a federal Co-operative Society run by the Rochdale Pioneers in association with a number of other Co-operative Stores. The Manufacturing Society on the other hand passed under the control of its individual shareholders and really ceased to be Co-operative except in name—unless it be regarded as a form of Co-operation to have a widely diffused body of shareholders and a limitation on dividends payable on the invested capital.

Even this limitation of dividends on capital did not exist in most of the bodies registered under the Companies Acts. Of this character were the "Working-class Limiteds," of which Oldham was the principal centre—ordinary joint stock concerns different from other such concerns only in that their capital was originally subscribed largely by working men. These "Working-class Limiteds" came into existence mostly during the boom of the early 'seventies and were able for a few years to pay extravagantly high dividends. There was nothing, as there is in Societies under the Industrial and Provident Societies Acts, to prevent their shares from changing hands at inflated values or being bought up by capitalist speculators. There was, in fact, nothing Co-operative about them beyond the fact that they were often sponsored by leading Co-operators and had sometimes Consumers' Societies among their shareholders.

There was, however, a considerable class of bodies formed in the 'sixties and 'seventies which were intended to have much more of a Co-operative character than the "Working-class Limiteds." This class consisted of companies formed with the object of making the workers partners in the enterprise and participators in its profits. The middle-class friends of Co-operation, after they had abandoned the attempt to form little "Working Societies" on Christian Socialist lines, largely went over to the advocacy of this type of enterprise; and in the 'sixties and 'seventies we find Thomas Hughes and Walter Morrison, both staunch friends of Consumers' Co-operation, again and again venturing and losing their money in Co-operative productive concerns formed as companies on a profit-sharing basis. We also find Consumers' Co-operative Societies investing largely in such enterprises, and Trade Unions also coming in and applying their funds in similar ways. The C.W.S. itself, as we shall see, became heavily involved in some of these ventures, which reached their high point during the boom of the early 'seventies only to collapse by dozens as soon as the prosperous years were at an end.

The earliest of these concerns seems to have been launched in Yorkshire in 1866. In that year Edward Owen Greening, always an enthusiastic projector of all manner of Co-operative experiments,

started the South Buckley Coal and Firebrick Company on a profit-sharing basis, but it soon collapsed. Simultaneously the Commercial Co-operative Society of Idle and the Heckmondwike Co-operative Manufacturing Society were launched in Yorkshire, both for the making of woollen goods. The first of these lasted till 1876 and the second till 1874. The Hebden Bridge Fustian Society, which survived until it was finally taken over by the C.W.S. in 1918, started in 1870 on a more legitimately Co-operative basis than most of the others; and in 1871 came the Batley Manufacturing Company, also for woollen goods, which lasted until 1883. In 1872 there followed the Airedale Co-operative Worsted Manufacturing Society, which survived the general collapse, and the Lancashire and Yorkshire Productive Society, which made flannels and was liquidated in 1878. Another Heckmondwike Manufacturing Company which went over to carpet production and survived was started in 1873.

The largest projects, however, were in the coalmining industry. From 1863 onwards Trade Unionism, under the leadership of Alexander Macdonald, was spreading fast throughout the Northern coalfields, and a great struggle was developing both for the amendment of the law in order to ensure better safety precautions and fairer methods of wage payment and for the recognition of the rights of collective bargaining. The coal industry was booming and prices and profits were advancing fast. There were frequent strikes for higher wages, and also against reductions when trade grew temporarily worse; and it was usually as an outcome of strikes that the attention of the miners was turned to projects of Co-operative Production. Alexander Macdonald was himself a keen advocate, and when coal prices began to reach record heights in 1872 and 1873 projects for more or less Co-operative collieries came thick and fast.

I do not count among ventures of this type the much-discussed "Co-operative" scheme launched by Messrs. Briggs at their Yorkshire collieries in 1865. This scheme, started in the hope of preventing strikes by a firm which had been strongly hostile to Trade Unionism, was no more than a profit-sharing arrangement of a singularly unfortunate kind. No bonus was payable under it until the invested capital had received a dividend of 10 per cent, and in 1873, during the boom, this minimum was actually raised to 15 per cent. The arrangement for workers to become shareholders did not work out in practice; the firm maintained its hostility to Trade Unionism and, in effect, cheated the workers by making big appropriations to reserve before declaring the divisible profits. The scheme, which the firm abolished in 1874 after a strike against reduced wages, deserves mention here only because its 10 per cent prior dividend on capital unhappily became a model for many of the Co-operative schemes launched in the early 'seventies.

The spate of Co-operative mining projects began in 1872. In that year Co-operative Mining Societies were started in Newcastle-on-Tyne, Leeds, Eccleshill, and Darwen. Of these the Darwen Mining Company was actually launched by the Darwen Co-operative Society, which invested £1,000 and appealed to its members to subscribe. Soon the Society was appealed to for more capital and lent £6,000 on mortgage. The enterprise lasted until 1882, when it failed. The Darwen Co-operative Society then took it over and worked the mine itself at a profit until 1889, when the coal was exhausted but all the invested capital had been written off out of the returns. The Eccleshill Coal Company was financed by a neighbouring Co-operative Society at Over-Darwen. The Society itself bought shares in the company and then traded them off to its members. The mine soon got into difficulties and the C.W.S. was persuaded to grant an overdraft. This was converted later into a mortgage, and after a strike of the miners in 1876 the enterprise was finally liquidated in 1878. The Leeds venture—the Leeds, Morley, and District Co-operative Coal Society—had a somewhat unexpected history. It acquired a pit at Wakefield and bought land with a view to sinking new shafts. In 1875 it collapsed but was able to sell off its land on favourable terms for housing development and wound up with a profit. Another Leeds venture of 1872—the Leeds and Yorkshire Co-operative Coal Mining Company—turned into an ordinary joint stock concern and passed out of Co-operative history.

The year 1873—the top of the coal boom—produced a number of further projects. The United Coal Mining Society of Manchester started under the auspices of a number of Consumers' Societies, headed by Bolton. It bought the Bugle Hill Colliery near Manchester and soon ran short of capital. In 1876 the Bolton Co-operative Society and the C.W.S. became joint mortgagees, and in the following year they took it into their own hands and ran it until 1882, when they sold it after there had been trouble over wages ending in a strike. In 1873 two Co-operative mining concerns were started in Cumberland, at Alston and Broughton Bar, but neither seems to have lasted for long. A South Yorkshire Mining Co-operative Society founded in the Rotherham area spent so long looking round for a suitable colliery that it never started at all, the slump arriving in time to allow it to return the capital to the subscribers. The Tipton Green Colliery Company financed by Leeds Co-operative Society did start, and continued disastrously until 1883. Two Scottish projects in Ayrshire and Edinburgh were abortive, but the Co-operative Mining Society of Newcastle-on-Tyne made a start with Dr. Rutherford as president and the support of the Northumberland Miners' Association. This Society, unlike the others, was intended to be of national scope and cherished hopes of opening Co-operative mines in all the coalfields of the country.

Its initial venture was the purchase of Monkwood Colliery near Chesterfield, after it had failed to find any suitable property in the North-East. Here it began production on a plan which assigned a prior dividend of 10 per cent to the invested capital and provided for the equal division of the remaining profits between capital, labour, and the consumers. Attempts were made to induce the employed miners to take up shares, but these met with no success and the pit was worked at a heavy loss. The entire concern had to be wound up in 1874 after all those concerned in it had suffered serious losses—Walter Morrison, the M.P. who gave backing to so many Co-operative projects, being the poorer by £22,000.

In 1874 and 1875, though the boom was over and coal prices were falling fast, there were further ventures. The West Yorkshire and North Staffordshire Co-operative Coal Mining and Building Society was started at Wakefield in 1874, but soon came to an end. The following year there were two flotations. The South Yorkshire and North Derbyshire Miners' Association bought Shirland Colliery near Alfreton, but, weakened by strikes and trade depression, cut off capital supplies in 1876 and brought the business to a stand. About the same time the Derbyshire and Nottinghamshire Co-operative Mining Society centred at Ripley bought a coal estate at Stanley Hill and began to sink shafts, but ran out of capital and came to liquidation in 1878.

This ends the calamitous tale of Co-operative mining ventures. Almost all these concerns, whether they were companies or Industrial and Provident Societies, were established on the basis of paying a prior dividend of 10 per cent on the invested capital and thereafter distributing any surplus equally between capital, the labour employed (as a bonus on wages), and the purchasers of the coal (mainly Co-operative Societies). The very high profits earned by coal concerns in the early 'seventies had encouraged fantastic expectations of profit, and when these disappeared in the slump the prospect of either "bonus to labour" or dividends on purchases went with them, thus depriving the businesses of any Co-operative character they may have had. It is easy to see in retrospect that the basis on which these ventures were started was fantastic, and that they could never have succeeded. It is easy to understand how mines bought on the assumption of the absurdly high profits of 1872 and 1873 became sources of heavy loss when the boom was over. It is easy to blame the credulity of the Co-operators who embarked their funds in such projects, but it is necessary to bear in mind that projects not a whit less absurd were readily sponsored by capitalist investors during the same years, and that the losses incurred by the Co-operators were merely a part of the widespread process of writing down and liquidation which followed the collapse of the boom. Co-operators

may have been silly, but they were no sillier than a great many reputedly hard-headed business men.

It remains to tell the story of the most ambitious of all the Co-operative speculations—I can find no more suitable word—of the early 'seventies. In 1871 the Newcastle-on-Tyne Co-operators, in the course of the great strike for the nine-hours day, bought the derelict Ouseburn Engineering Works on Tyneside and reopened it as a factory for marine engines, boilers, and other shipbuilding equipment. The leader in this venture was not an engineer but a Congregationalist minister who was also a doctor of medicine, a well-known lecturer and Radical, and a promoter of many advanced causes. Dr. J. H. Rutherford has left a name that is well remembered on Tyneside, for it is immortalised in Rutherford Technical College. He was a leading figure in the city, an ardent supporter of Mechanics' Institutes and of popular culture, an enthusiastic Co-operator, and, most unfortunately, a very bad man of business. It was he who persuaded a conference of Co-operative Societies held in Newcastle to authorise the purchase of the Ouseburn Works, and though he had no experience as an engineer he was made managing director and given practically exclusive control. Orders were easily got, for the regular producers were paralysed by the strike, but unfortunately the orders were booked at prices which turned out to be badly unremunerative, and serious losses were made. The number of men employed, which had been about 300 at the start, rose speedily to 800, double shifts being worked owing to pressure of orders. Soon there were 1,300 shareholders, including all the employees, who had to take up shares as a condition of employment. Halifax Co-operative Society bought £1,000 worth of shares and loaned a further £2,000, and a number of other Co-operative Societies on the North-East Coast and in Yorkshire subscribed smaller amounts; but working capital was needed in large quantities and the banks were shy. Halifax Co-operative Society agreed to increase its investment to £10,000 and the C.W.S. lent £5,000 on debenture bonds. Rutherford and his supporters tried to get the C.W.S. to make much larger advances, and when the Manchester committee hesitated he summoned a conference of Northern Co-operative Societies at Newcastle and got it to agree to the establishment of an Industrial Bank, primarily with the object of making further advances to the Ouseburn Works.

In order to understand this development it is necessary to go back a little. The question of Co-operative banking had already been under active discussion among Co-operators for several years. It had been considered at the Co-operative Congresses of 1869 and 1870, and in 1871 the Congress had definitely recommended both the C.W.S. and the S.C.W.S. to begin banking operations chiefly

for the purpose of receiving deposits from Societies with surplus funds and of making advances to Societies needing short-term capital for expansion. Up to 1871 no such development had been possible under the Industrial and Provident Societies Acts, which specifically excluded banking; but the Act of 1871 made it lawful for Industrial and Provident Societies to make advances to their members on the security of real or personal property. This was clearly not meant to authorise banking activities in any ordinary sense, but under this power the C.W.S. was induced in 1872 to start a regular banking department for receiving deposits from and making advances to its member-societies.* This by no means satisfied Rutherford and his backers, who wanted a bank empowered to make advances to non-members of the C.W.S. and to engage in a wide range of banking operations. Unable to persuade the C.W.S. to flout the law to this extent, he returned from the Co-operative Congress to Newcastle and there floated the Industrial Bank as a joint stock company free from the limiting conditions of the Industrial and Provident Societies Acts.

The Industrial Bank received wide support from Trade Unions as well as from Co-operative bodies. The Northumberland Miners' Association deposited considerable sums with it, and so did many Co-operative Societies; most of these funds went to meet the demands of the Ouseburn Engineering Works. Dr. Rutherford was at the head of both concerns, and seems to have been allowed to manage matters almost without check. In this way the works were able to go on with full order books through 1873; but with the ending of the boom the situation changed, orders fell off, and the real extent of the losses incurred by making tenders at unduly low prices became apparent. There were labour troubles, beginning with a strike of the boilermakers in the autumn of 1873 and becoming more serious as the financial difficulties increased. A workmen's committee was formed and got at loggerheads with the directors. The Industrial Bank came to the end of its resources, and the C.W.S., which had made considerable advances, refused further help. In 1875 the Ouseburn Works had to be put into liquidation and the Industrial Bank went into voluntary liquidation at the same time. An attempt was made to reconstruct the Ouseburn concern, but this broke down and the works were jointly acquired by the C.W.S., the Halifax Co-operative Society, and five other Co-operative Societies, which continued to work them as the Tyne Engine Works Company until 1881, when they were finally scrapped. It should be said to the credit of the Ouseburn that its marine engines appear to have been of excellent quality. The fault lay not in its work, but in bad, inexpert management and faulty—even outrageously faulty—finance. Dr. Rutherford, animated no doubt by the highest intentions,

* See page 124.

did things in the way of business which in an ordinary man would have been regarded as rank swindling; and the astonishing thing is that in spite of them and of the heavy losses sustained by many Co-operators and Societies through his manœuvres and miscalculations he retained his prestige in the Co-operative Movement and continued to be an influential figure at Co-operative Congresses. There was, indeed, much recrimination following upon the double failure of the Ouseburn Works and the Industrial Bank, but the charges were levelled more at the C.W.S. for refusing further overdrafts than at Dr. Rutherford and his friends. These charges, considered fully at a Co-operative Conference held in Newcastle in 1876, were successfully rebutted, but the C.W.S. got no thanks for what it had done. It had in fact gone, under pressure from the Co-operators who were strong supporters of Co-operative Production, some way beyond the intended scope of its newly created Banking Department, and had involved itself in serious losses in connection not only with the Ouseburn Engine Works but also with a number of the other ill-fated productive ventures of the period.

The legal status of the C.W.S. banking business during these years was very uncertain. Originally called the "Banking Department," it was rechristened the "Loan and Deposit Department" in order to give it the colour of being within the law, and the London and County Bank became its agents for the conduct of regular banking business. In 1876 the legal obstacles disappeared when an amending Industrial and Provident Societies Act brought banking within the recognised scope of Co-operative enterprise. The C.W.S. was actually in negotiation for taking over the Industrial Bank when that institution had to close its doors, and it thereafter inherited most of its business. The "Banking Department" remained merely a department of the C.W.S., and was not made into a separate institution as some Co-operators wished it to be. It advanced cautiously as banker primarily to the Co-operative Societies and only to a small extent until later to Trade Unions; but even so, it grew rapidly because in the 'seventies many Co-operative Societies were beginning to find themselves in possession of larger funds than they knew how to use in the expansion of their own business. In the early 'seventies a good deal of this surplus capital was lost in ill-fated productive ventures, but as these ceased more money found its way to the deposit accounts of the C.W.S. Banking Department. The C.W.S. Bank developed as an institution which, unlike the ordinary banks, was prepared to pay interest (at 1 per cent under bank rate) on deposits withdrawable at call, and it was able to do this because in practice it could rely on having most of the money left for long periods in its hands.

Banking, however, was only a side-show for the C.W.S., which shared in the general Co-operative expansion of the early 'seventies.

There was, indeed, a moment of danger in 1869, when an internal dispute led to a rupture, and for some months a rival body, the National Co-operative Wholesale Agency, was competing with the still youthful N.E.C.W.S. The chief sponsor of this rival body was no less a person than J. C. Edwards—previously bookkeeper and cashier to the N.E.C.W.S. and a leading figure before that in the Manchester and Salford Society. Edwards, as we have seen, had been the representative sent by the N.E.C.W.S. to discuss matters with the Scottish Co-operators when they were launching out into wholesale Co-operation, and he was a well-known Co-operative lecturer and a close friend of Edward Owen Greening, with whose interest in Co-operation on the land he was in full sympathy. He had joined Greening in founding the Union and Emancipation Society to support the cause of the North during the American Civil War, and had played an active part in Radical politics in Manchester as well as in the Co-operative Movement.

Why Edwards left the N.E.C.W.S. in 1868 and proceeded with R. B. Tate, also a former employee, to found the National Co-operative Wholesale Agency I cannot find out. There was no doubt a quarrel, and it may well have been that Edwards considered the N.E.C.W.S. to be taking too cautious a line. Perhaps there is a hint of his attitude in the note attached to advertisements of his agency in *The Co-operator* that he was "prepared to lecture upon Co-operation and the application of surplus funds to the purchase of land and buildings."

At all events Edwards was a person whose competition might have been formidable, especially as he advertised himself not only as having a London as well as a Manchester office, but also as having got his body appointed agent for the Hull Co-operative Flour Mill Society and for Greening's newly established Agricultural and Horticultural Association.* The N.E.C.W.S. promptly retorted by announcing in *The Co-operator* "that a so-called 'National Co-operative Wholesale Agency'—originated by two of our late employees, Messrs. Edwards and Tate—has no connection with and is not authorised to transact any business for this Society, which is the only Co-operative Wholesale Society in Manchester." The N.E.C.W.S. directors also took steps to prevent *The Co-operator* from publishing Edwards's advertisement after April, 1869, and by the end of the year the rival agency appears to have faded out. It may have been in connection with this episode that in 1869 Abraham Greenwood, on behalf of the N.E.C.W.S., arranged for Joseph Woodin, who had been one of the managers of Neale's Central Co-operative Agency in the 'fifties and had remained in business after its failure, to become London tea buyer and adviser. This part he continued to play until 1875, when the C.W.S., wishing to take the tea business into its own hands, offered him the position of salaried

* See page 251.

manager of its tea department. Woodin, though he remained a devoted friend of the Co-operative Movement, declined this offer, and the partnership of the English and Scottish Wholesale Societies in the tea business thereupon began.

This development, however, came well after the break with Edwards. During the first ten years of the activities of the C.W.S. more than one-third of its total trade was in butter, chiefly from Ireland, and its earliest expansion took the shape of establishing depots in Ireland for the purchase of these supplies. This began with the setting up of the Tipperary depot in 1866, and in the following years further depots were opened in Ireland, including the important Cork depot, which was started in 1876.

Before this, however, there had been important expansions into other fields. In 1868 the C.W.S. built the first of its Balloon Street warehouses in Manchester and began the development of an adequate headquarters for its expanding trade. In 1872 it began to sell boots on a considerable scale, and in the following year the drapery and boot department was organised as a separate branch, the two sections being further separated in 1876. In 1877 the growth of the drapery department made it necessary to employ travellers for the first time, none having been used on the grocery side of the business. But much more important was the decision reached in 1872 that the C.W.S. should start factories of its own—at first only for a narrow range of products. The first C.W.S. factory was the Crumpsall Biscuit Works, bought in 1873. This was followed by the Leicester Boot Factory, acquired in the same year, and by the Durham Soap Works a year later. A proposal to manufacture tobacco was rejected at this time in deference to the anti-narcotic views of a group of Co-operators headed by Rutherford and Henry Pitman.

These developments brought fresh problems with them. The establishment of C.W.S. branches at Newcastle and London made it necessary to recast the constitution, and there arose the difficult question of the status of the growing number of Co-operative employees. There was also a move by the small Societies against what they deemed the undue influence wielded by a few large Societies in the councils of the C.W.S., and there were some who wished the productive departments to be organised as separate Societies with a measure of self-government for the workers employed. The proposal of the small Societies that the system of voting according to membership should be replaced by that of "One Society, one vote" was defeated in 1868, and that particular issue was not again raised. The branch problem was solved for the time being in 1874 by enlarging the Manchester committee to include a representative of each branch and by giving branch committees powers of local direction subject to the final control of the main committee in Manchester. Before this, in 1872, it had been agreed to drop "North of England" from

the title and to accept the expansion of the C.W.S. into a national body ready to cover all parts of England and Wales.

The problem of the status of employees gave much more trouble. The advocates of Co-operative Production were continually pressing the C.W.S. to admit its employees to some sort of partnership, at the least by agreeing to pay a "bonus to labour" parallel to the dividend on purchases. In 1872 the C.W.S. committee was compelled reluctantly to agree to this under pressure from Neale, Greening, and Rutherford; and it was agreed that when dividend on purchases reached 2d. in the £ there should be a basic bonus of 2 per cent on wages, rising to 4 per cent when the dividend was as high as 4d. in the £. To this were to be added certain supplementary bonuses, bringing the total possible addition to wages up to 1s. 5d. in the £. This scheme by no means satisfied the advocates of Producers' Co-operation, but they regarded it as a beginning.

Difficulties speedily arose. The "bonus to labour" was started just as the C.W.S. was embarking on its first experiments in manufacture, and indeed the urgency of the demand for it arose largely from this fact. Hitherto it had been the practice for Co-operative productive enterprises to be set up as separate Societies usually on a profit-sharing basis, and there was strong opposition to the starting of factories by the C.W.S. except on the understanding that it would share the gains of manufacture with its employees. But the question at once arose whether the C.W.S. employees engaged in distribution were to be treated on the same terms as those in its productive establishments. If they were it was clear that a demand would be made for a similar plan of profit-sharing to be extended to the employees of the retail Co-operative Societies, and that no good case could be put up for treating them in a different way. But many of the retail Societies were strongly opposed to the "bonus to labour," which they regarded as a rival to the dividend on purchases and as likely to stir up strife in their Societies between a faction organised by the employees and the rest of the membership. These opponents of the "bonus" or "bounty" argued that the Co-operative Movement would have done its duty if it arranged to pay reasonable living wages, and that it was better to give the employees a fair certain wage than a fluctuating return dependent on the success of the Society's trade. Nowadays the payment of fair wages is in many trades a relatively simple matter, for there exist regular standard rates of wages negotiated by collective bargaining between Trade Unions and Employers' Associations. Even to-day these standard rates do not cover the whole of the field, and it is sometimes necessary for the Co-operative Movement to improve upon them, even where they exist; but at the time of which I am writing standard rates existed in very few trades, and were applicable to very few indeed of the employees of the Movement. It was therefore necessary in the days

before Trade Unionism had developed among Co-operative employees for Co-operators themselves to decide what they would regard as fair wages and conditions of work. In these circumstances it could not be easy to lay down that any bonus paid should not be taken into account in assessing rates of wages. Almost inevitably the whole sum paid to the employee would come into consideration, and it could therefore be argued with some force that any bonus paid would not be really an addition to wages, but only a worse way than the payment of higher basic rates of bringing total remuneration up to a reasonable standard. The Co-operative leaders who opposed the bonus usually argued along these lines, pleading for the payment of good wage rates as against a fluctuating bonus; but they naturally found allies among those who regarded the bonus as so much subtracted from the dividend on purchases and were not prepared to make what seemed to them unnecessary presents to their employees.

This question of the "bonus to labour" got tangled up with another—that of the right of employees to make purchases for their own use at wholesale prices from the C.W.S. In the early years of the C.W.S. this right, which was of course common in private trading concerns, was given without any formal act. Allegations, however, were made that the privilege was being abused and that employees were buying goods for resale at a profit. In 1871 the concession was put on a formal basis, and purchases had to be made through a specially constituted United Employees' Association.

In 1874, owing to disputes which had developed over the working of the bonus, the management committee of the C.W.S. proposed that it should be modified and that employees in the Society's productive establishments should receive a bonus based not on the dividend on its total trade but on the profits shown by each factory in its separate accounts. This would have left the bonus in the distributive departments unaffected, and would have gone a little way to meet the extreme advocates of Producers' Co-operation, who wanted each factory to be organised as a separate profit-sharing Society. The scheme, however, was rejected by the delegates at the quarterly meeting to which it was referred, and the plan of 1872 remained in force until the following year, when the delegates, following the advice of the committee, swept away the entire bonus system after less than three years' trial, and at the same time abolished the United Employees' Association and the privileges attached to it, decreeing that employees should share and share alike with other members both as purchasers and as recipients of dividends on their purchases.

The controversy over these issues was acute, for more was at stake than the mere money involved in the bonus. The critics of the C.W.S. alleged that in embarking on production it was striking a mortal blow at the cause of Producers' Co-operation, which some of

them regarded as a much more perfect embodiment of the Co-operative spirit than the Store Movement. This was not, as has sometimes been alleged, an issue between working-class Co-operators and middle-class supporters of the Movement. The question sharply divided both classes. In the working-class camp the old Owenites and idealistic Socialists, who can be best symbolised in such men as Howarth and Cooper, regarded Co-operative store-keeping not as an end in itself but as a step towards the Co-operative or Socialist Commonwealth, which they envisaged partly in terms of producers' self-government. Against them were ranged the main body of newer working-class adherents, for whom the Store Movement was the reality and Co-operation mainly an agency of mutual thrift and for the procuring of unadulterated goods at fair prices. In the middle-class camp there were similar divisions. Such men as Walter Morrison, Thomas Hughes, and the whole group of Christian Socialists believed in producers' self-government and profit-sharing as means of overcoming the antagonism between capital and labour and giving the workman his fair and self-respecting place in society by a painless, voluntaristic revolution devoid of the spirit of class-war; whereas such other supporters as Cobden and Gladstone regarded the Co-operative Movement mainly as an agency for encouraging the virtues of thrift and independence among the working classes, and were therefore favourable mainly to Consumers' Co-operation with its arrangements for "frugal investment." I am, of course, putting this contrast of views too sharply for strict accuracy, for opinions do not divide themselves in this rarely logical way; they shade off one into another, and men have mixed notions and often do not know precisely what their notions are. But I believe the broad truth of what I have been saying to be beyond question, and that the appearance of a middle-class *versus* working-class conflict over the "bonus to labour" was in the main illusory. What does appear to have been true is that most of the employees themselves set much more store by good wage rates than by the bonus, and that the employees in general offered little or no opposition to its discontinuance. This was partly because the bonus was cut off at a time when, the great boom of the early 'seventies having given way to depression and to sharply falling prices, wage cutting was in progress throughout industry, and the employees undoubtedly much preferred losing their bonus to having their wages cut. On the other side the depression, by making Co-operative as well as other trade less profitable, reduced the size of the cake available for division between employees and purchasers, and thus made the latter the readier to abolish the bonus in order to save their dividends from falling too low.

It was the easier to get rid of the bonus because by 1875 the Producers' Co-operative Societies and companies formed during the boom were getting into difficulties and collapsing right and left,

and this discredited the profit-sharing side of the Movement. The hectic years of rapid and easy advance were over; the deep depression of 1879 was well on its way. There were trying times in store for Co-operators as well as for capitalists, and the Producers' Co-operatives were but ill-provisioned for riding out the storm. The Consumers' Movement, on the other hand, had by the middle 'seventies established itself too well and securely to be shaken even by the severe tempests that were coming.

Scotland had its full share of the Co-operative troubles of the middle 'seventies, and the newly formed Scottish Co-operative Wholesale Society came even nearer to disaster than the English C.W.S. The three principal ventures in Co-operative Production launched in Scotland during this period were the Glasgow Co-operative Coöperage Society of 1868, the Oak Mill Society at Tillicoultry, launched in 1871, and, most important of all, the Scottish Co-operative Ironworks, started in 1872. All these ventures were floated mainly with capital supplied by individual Co-operators and believers in Co-operation, but they also looked to the S.C.W.S. and to the local Societies for financial help, and one of them, the Ironworks, came within measurable distance of involving the S.C.W.S. in its downfall.

Of the Coöperage Society there is not a great deal to say. It was instituted as the outcome of a strike, and seemed for some time to be prospering; but the nature of its business made it impossible for its products to be marketed inside the Co-operative Movement, and after weathering the first downward movements of trade in the middle 'seventies it failed in the deep trade depression of 1879. It was not an inglorious failure, for the site of the works was sold at a high price, which enabled all the creditors to be paid in full and the shareholders to get back 10s. in the £. The S.C.W.S. lost but little in this venture.

More serious were the consequences of the failure of the Oak Mill, a textile venture modelled on the earlier Paisley Manufacturing Society. A number of Co-operative Societies as well as individual Co-operators had invested in the Oak, and the S.C.W.S. had advanced a substantial sum. It too was a victim of the economic crisis of 1879, partly because it had not enough capital to tide it over the difficult period.

The Scottish Co-operative Ironworks was a more ambitious venture, the Scottish counterpart of the Ouseburn Engineering Works on the Tyne. It acquired a shipyard at Irvine, in Ayrshire, as well as an engineering works at St. Rollox, in Glasgow, and at the outset high hopes were entertained of its success. James Borrowman,* the manager of the S.C.W.S., was an enthusiastic advocate of

* In order to avoid confusion it seems necessary to point out that James Borrowman was an entirely different person from John Borrowman, of Rutherglen, who became chairman of the S.C.W.S. in 1879, and in 1881 was appointed as the first Scottish Co-operative Missionary. The two are sometimes confused owing to the similarity of name.

Co-operative Production, and under his influence the S.C.W.S. became in effect the bankers of the Ironworks, fulfilling the same functions in relation to it as the Newcastle Industrial Bank did for the Ouseburn Works. The Ironworks management paid its receipts into the S.C.W.S., and drew upon the S.C.W.S. for money as it was needed. A limited overdraft on these lines was agreed to by the committee of the S.C.W.S., but Borrowman, in his zeal to help the Ironworks, went far beyond this limit without consulting his committee, until at length the debt of the Ironworks to the Wholesale mounted up to more than £10,000, of which only about £1,000 had been in any way authorised. When this fact came to light further help was cut off, and Borrowman, who excused himself on the ground that he had felt certain the Ironworks would succeed if it was adequately helped, was forced to resign. The total capital of the S.C.W.S. at this time was only £50,000, and the £10,000 had to be cleared off by appropriating 1d. in the £ from dividends over a period of years. It was actually wiped off in this way by 1879, but in the meantime the position of the S.C.W.S. was seriously endangered, not so much by the actual loss as by the mistrust and threats to withdraw business to which it gave rise. There was never any suggestion that Borrowman had acted from motives of self-interest or had made any personal gain out of his dealings with the Ironworks, and there was a strong party which took his side. After his dismissal he became manager of the Co-operative Cooperage Works, and thence until its fall conducted a campaign in favour of Producers' Co-operation and against the action of the S.C.W.S. He subsequently became president of the Kinning Park Society and continued to be a considerable figure in the Movement.

The refusal of further overdraft facilities speedily brought the Scottish Co-operative Ironworks to an end. It collapsed in 1875, bringing serious loss upon many local Societies and individual investors as well as on the S.C.W.S. By the end of the 'seventies the leaders of the Consumers' Co-operative Movement in Scotland as well as in England had had their lesson. They had learnt to be wary of large schemes of Co-operative Production involving the sale of the products outside the Co-operative Movement, and they were minded when they did take up production to do it under the auspices of the Consumers' Movement and to concentrate upon products for which they could find a market through their own retail Stores.

The S.C.W.S. did not, however, follow the example of the English body in abandoning the principle of the "bonus to labour." This principle was adopted unanimously in 1870, when it was laid down "that a bonus of double the amount of dividend declared each quarter be paid to the employees of this Society." This method of division remained in force until 1884, when a departure was made by relating the bonus to the profits made in the distributive departments on

the one hand and the productive departments on the other, each group of departments being treated as a single unit. A further change was made in 1892, when the distinction between productive and distributive departments was abolished, and the bonus was reduced to equality with the dividend on purchases. It was further laid down that only half the bonus should be paid in cash, the other half being credited to the employees in the loan fund of the Society. At the same time the S.C.W.S. started an employees' share fund, designed to give the workers an ownership interest and a representation at the quarterly meetings, subject to a provision that employees ceasing to work for the Society should transfer their shares for cash. Thus the Scottish C.W.S., as well as a number of the retail Societies in Scotland, retained the "bonus to labour" when it was being abolished by one Society after another south of the Border.

Let us pause for a moment at this point to take stock of the progress of the Consumers' Movement during the dozen years which followed the establishment of the C.W.S. In 1863 the Co-operative Movement was given a prominent place in the discussions of the Conference of the British Association for the Promotion of Social Science—the yearly gathering of which Lord Brougham was the presiding genius. At that date the total trade done by Co-operative Societies of all kinds was probably not in excess of the £1,500,000 estimated as its amount in 1861 by Sotherton Estcourt in presenting the case for the Industrial and Provident Societies Bill which became law in 1862; for by 1863 the Co-operative Movement in its Lancashire stronghold had been hit hard by the Cotton Famine, which reduced the turnover of the Rochdale Pioneers from £176,000 in 1861 to £141,000 in the following year. By 1875 the Pioneers, despite a split in their ranks, had raised their total trade to £305,000 and had more than doubled their membership from 4,013 in 1863 to 8,415 in 1875. By the latter date the cash sales of Societies registered under the Industrial and Provident Societies Acts had risen to nearly £18,500,000, of which over £16 million was in England and Wales, about £2,250,000 in Scotland, and the small balance in Ireland. The total share capital of these Societies was £4,803,000, *plus* £845,000 of loan capital, and the membership was nearly half a million. These figures are not strictly comparable with later Co-operative statistics, for they include all kinds of Industrial and Provident Societies and exclude those Co-operative concerns which were still registered under the Companies Acts; but the general impression conveyed by them is unquestionably correct.

The Social Science Association in 1863 gave Co-operators a welcome blessing which was of considerable help at that stage to the Movement's prestige. It was indeed enabled to grow with singularly little opposition during the ensuing years. Private traders for the most part neither took its rivalry very seriously nor were

organised to oppose its advance, and there was little difficulty in getting supplies from wholesalers and no sign of organised boycott. Even when the C.W.S. began to establish its own buying depots in Ireland the local merchants offered little opposition, though the committee hesitated for some time for fear of this to set up the Cork depot, which they ultimately did establish in 1876 in the heart of the Southern Irish butter trade. Curiously enough serious opposition to the movement, when it did begin, was aroused not so much by the growth of real Consumers' Co-operation as by a bastard extension of it to a section of the middle class. In 1867 a group of civil servants connected mainly with the Post Office set up the Civil Service Supply Association, and the success of this body led to the establishment of other civil service "Co-operatives" and of the still better known Army and Navy Stores.

These bodies, though some of the Civil Service Associations were for a time members of the Co-operative Union, were never Co-operative in the sense in which the word is now generally understood. What chiefly marks them off from true Co-operatives is the absence of membership open on equal terms to all comers and of fixed limits to the value of their shares, which is secured in true Co-operative Societies not only by the limitation of interest on capital but also by withdrawability and by the right of any new member to buy at face value shares ranking equally with those already in existence. The middle-class "Co-operatives," as against this, allowed their original shareholders to pocket the increasing profits of their business and their original shares to rise in capital value as the profits rose.

This was the type of "Co-operation" which first aroused powerful organised opposition to the movement, not because the opponents objected to the lack of true Co-operative character in the bodies concerned but because the extension of a sort of "Co-operation" to middle-class purchasers threatened more vocal and better organised interests than had previously been alive to the "menace" of Co-operative trade. It is true that *The Grocer*, started in 1861 as the organ of the retail grocery trade, had from 1867 onwards spasmodically attacked the Co-operative Societies, chiefly alleging that they were inefficient and certain to fail; but even *The Grocer* did not begin campaigning seriously until about 1870, when it attempted to induce wholesalers and manufacturers to institute a boycott by refusing to supply goods on any terms to the Co-operative Stores. The allegation, of course, was that the Co-operative Societies, by paying dividends on purchases, were undercutting standard prices and thus competing unfairly with the private traders. By 1872 *The Grocer* had advanced to the point of publishing a list of firms which had agreed to participate in the boycott, but the list was not very long or formidable and the Co-operative buyers had no difficulty in getting the supplies they wanted. In those days competition among

capitalists and traders was the order of the day, and there were no strongly organised rings and price-fixing associations such as exist now in many trades; nor had there been the spread of "proprietary articles" to be sold at prices fixed by the producers, which is characteristic of the modern grocery and provision trades. *The Grocer* had a difficult task and enlisted little sympathy on its side. The Co-operative Movement was practically unaffected by the boycott and was able to go massively on its way.

The Movement was much more troubled by the question of credit, which was vexing the C.W.S. as well as those retail Societies which did not insist strictly on a cash basis. C.W.S. trade was supposed to be cash trade, but in trading at a distance it was unavoidable that some short credit should be given. In 1870 after many troubles the rule was laid down that Societies were expected to pay for their purchases within a week, and that if they had not paid within a fortnight further supplies of goods should be cut off. After the institution of the Loan and Deposit Department in 1872 it became possible to extend credit through this department to Societies which needed it, without prejudice to the cash basis of the activities of the trading departments. The institution of banking activities also greatly facilitated the making of payments by Societies at a distance. In the early days such payments were often made by sending bank-notes through the post, and for safety it was the practice to cut each note in half and to despatch the second half only when notification of the safe arrival of the first had been received. This meant that the money was locked up until the notes could be reassembled and presented for payment, and when the C.W.S. was able to arrange through its Banking Department for accounts to be paid by local Societies into local banks acting as its agents, receipts were speeded up and the lock-up of working capital was reduced.

THE GROWTH OF THE CO-OPERATIVE WHOLESALE SOCIETY FROM 1864 TO 1875

(Figures in thousands.)

		Members		Share	Capital	Sales
				£		£
1864	..	18	..	2	..	[52]
1865	..	24	..	7	..	121
1866	..	31	..	11	..	175
1867	..	59	..	11	..	332
1868	..	75	..	15	..	412
1869	..	79	..	17	..	507
1870	..	90	..	19	..	678
1871	..	115	..	24	..	759
1872	..	134	..	31	..	1,153
1873	..	169	..	48	..	1,637
1874	..	199	..	61	..	1,965
1875	..	250	..	78	..	2,247

The C.W.S. was a participant in the rapid progress of Co-operative trade. In 1865, its first full trading year, sales were £121,000; by 1872, the year when the Newcastle branch was opened, they had risen to £1,153,000; and three years later they stood at £2,247,000. Membership, which had been 24,000 in 1865, was 134,000 in 1872 and 250,000 in 1875. Share capital, apart from loans, rose from £7,000 in 1865 to £78,000 in 1875. With all this advance the C.W.S. in 1875 was still doing only a small proportion of total Co-operative trade and represented only half the total membership of registered Industrial and Provident Societies; but the advance was notable and the foundations had been securely laid.

Meanwhile in Lancashire, the centre from which the Rochdale Movement had spread so fast, there had been a rapid recovery after the bad days of the Cotton Famine. The famine, which had thrown a large part of the cotton operatives out of work, had necessarily led to large withdrawals of capital from the Stores, though the Rochdale Society itself suffered relatively little in this respect. As soon as the famine ended with the resumption of new cotton supplies there was a brisk recovery. The Rochdale Society's share capital leapt from £38,000 in 1862 to £100,000 in 1866 and £128,000 in 1867, only to fall back to £80,000 in 1870 as a result of the secession which led to the establishment of the rival Rochdale Provident Society.

Over Lancashire and Cheshire as a whole the progress of the Movement can be fairly well measured by a study of the dates of formation of those retail Co-operative Societies that were still in existence in 1912. Only one Society older than the Rochdale Pioneers was then in existence in the two counties—Stockport Great Moor, dating back to 1831. There were thirteen Societies founded between 1845 and 1850, and another ten founded between 1851 and 1855, the years 1850 and 1851, with eight and six Societies, showing clearly when the Rochdale influence began to spread significantly. The next three years, 1856–1858, added fifteen more Societies, and then comes the second big leap. The year 1859 added ten Societies; 1860 no less than twenty-six; and 1861 another twenty-one—fifty-seven Societies in three years. Then came a drop due to the Cotton Famine. From 1862 to 1865 there were in all only nine new Societies; then the advance was resumed, but more slowly because so much of the ground was already covered. From 1866 to 1871 there were twenty-one new Societies; the boom of 1872–3 added fourteen; and there were seven more in the next two years. This gives a total of 147 Societies founded between 1845 and 1875 and still surviving as separate Societies in 1912—128 in Lancashire and nineteen in Cheshire. Of course some of these were re-foundations in the areas of earlier Societies which had become extinct. Rochdale itself was a re-foundation of the original Store of 1833.

**CO-OPERATIVE SOCIETIES IN LANCASHIRE, CHESHIRE, AND YORKSHIRE
FOUNDED UP TO 1884 AND STILL EXISTING IN 1912**

	Lancashire		Cheshire		Yorkshire		Total
1825-29	..	—	..	—	..	I	I
1830-34	..	—	..	I	..	2	3
1835-39	..	—	..	—	..	I	I
1840-44	..	I	..	—	..	2	3
1845-49	..	4	..	I	..	4	9
1850-54	..	17	..	—	..	5	22
1855-59	..	22	..	4	..	18	44
1860-64	..	45	..	11	..	44	100
1865-69	..	17	..	—	..	36	53
1870-74	..	19	..	3	..	26	48
1875-79	..	13	..	—	..	13	26
1880-84	..	8	..	2	..	7	17
	<hr/>		<hr/>		<hr/>		<hr/>
	146		22		159		327
	<hr/>		<hr/>		<hr/>		<hr/>

Yorkshire showed no less rapid progress. Here there were still surviving in 1912 six Societies founded before the Rochdale Pioneers—Meltham Mills (1827), Ripponden (1832), Kirkheaton (1834), Honley (1839), Hepworth (1840), and South Crosland and Netherton (1840). Between 1845 and 1875 there came into being 140 Societies which were still alive in 1912. Up to 1855 growth was slow, only ten Societies being recorded, but thereafter the development was both rapid and regular, successive five-year periods from 1856 to 1875 showing thirty-four, thirty-three, thirty-two, and thirty-one Societies. As in Lancashire, the years of greatest growth were 1860 and 1861, with sixteen and seventeen Societies respectively. There was no cause of interruption such as the Cotton Famine, and growth continued steadily through the 'sixties and 'seventies except for setbacks in 1862 and 1870. As we have seen, the Sheffield area lagged behind and the main constellations of Societies were in the woollen and worsted districts round Halifax, Huddersfield, and Leeds.

In both Lancashire and Yorkshire this growth was not unaccompanied by rivalries. In both areas Societies were so close together that the problem of overlapping was beginning to appear, and there were accusations of poaching and of Co-operative "imperialism" on the part of the larger Societies; but these disputes were not yet in most cases very serious. There was still room for all, and the situation was eased by the rapid growth of population in the areas in which the Movement was best established.

The most serious dispute was that which arose over the Rochdale Corn Mill in the late 'sixties. As we have seen, the Corn Mill was run by a separate Society which had in practice developed into a

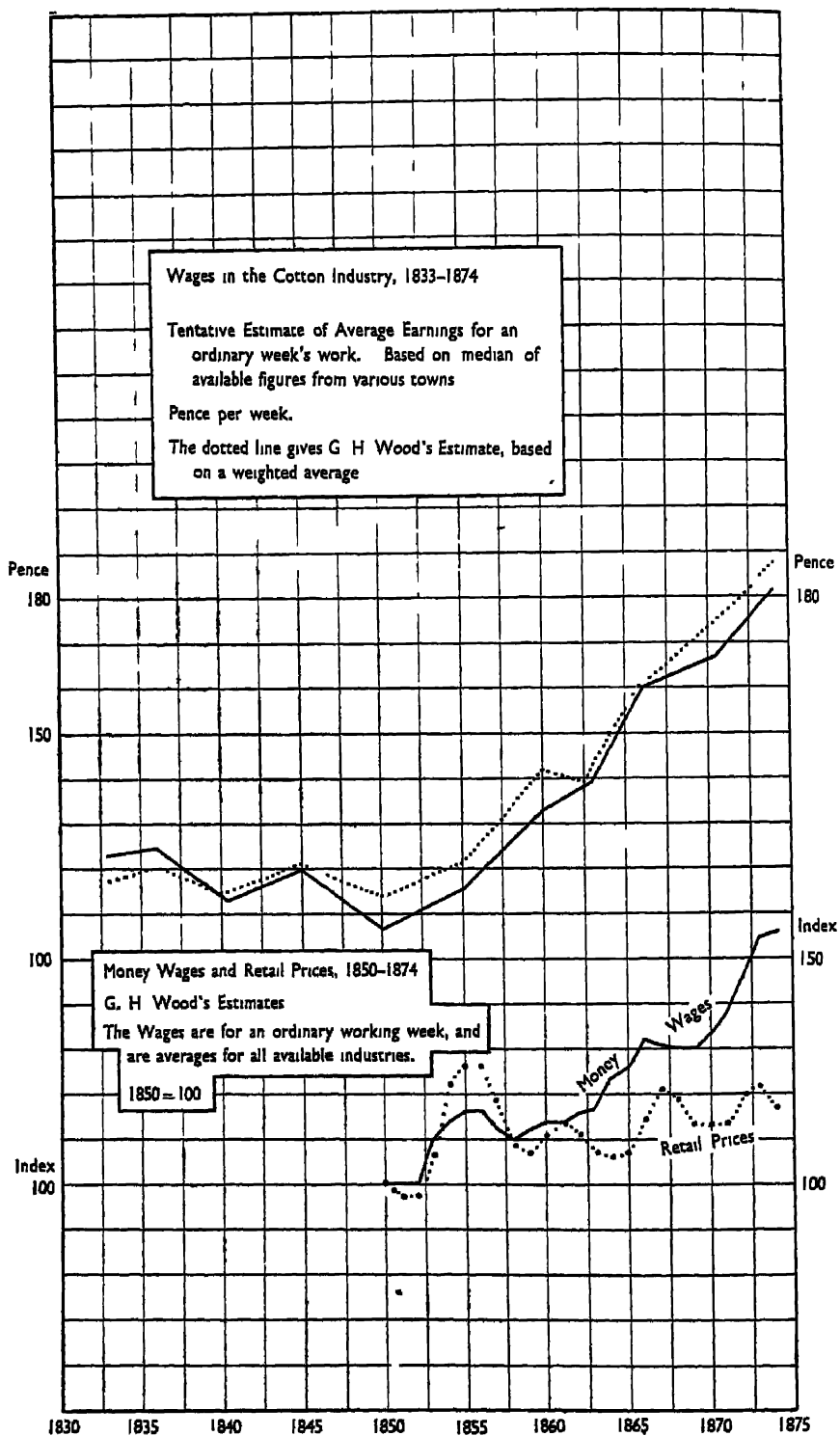
sort of federal Society serving a number of retail Stores. In the later 'sixties the Corn Mill Society got into difficulties and dividends on purchases fell off. The Oldham Co-operators, who had been among the most important customers, got the idea that there was inefficiency and that they were not being dealt by fairly. In 1868 they proceeded to set up their own mill—the Oldham Star Corn Milling Society—in opposition to the Rochdale Mill and there was some ill-feeling. The Oldham Mill established itself firmly, and the setback to Rochdale was only temporary, as the available trade was growing fast. New Corn Mills were set up in other areas as well, following on the successes at Leeds and Rochdale. Huddersfield, as we have seen, built one in 1860 to serve the surrounding area, and in 1875 the Societies round Leicester founded a Midland Federal Corn Mill Society—an early instance of federal action—which lasted until 1887, when it was taken over by the Leicester Co-operative Society.

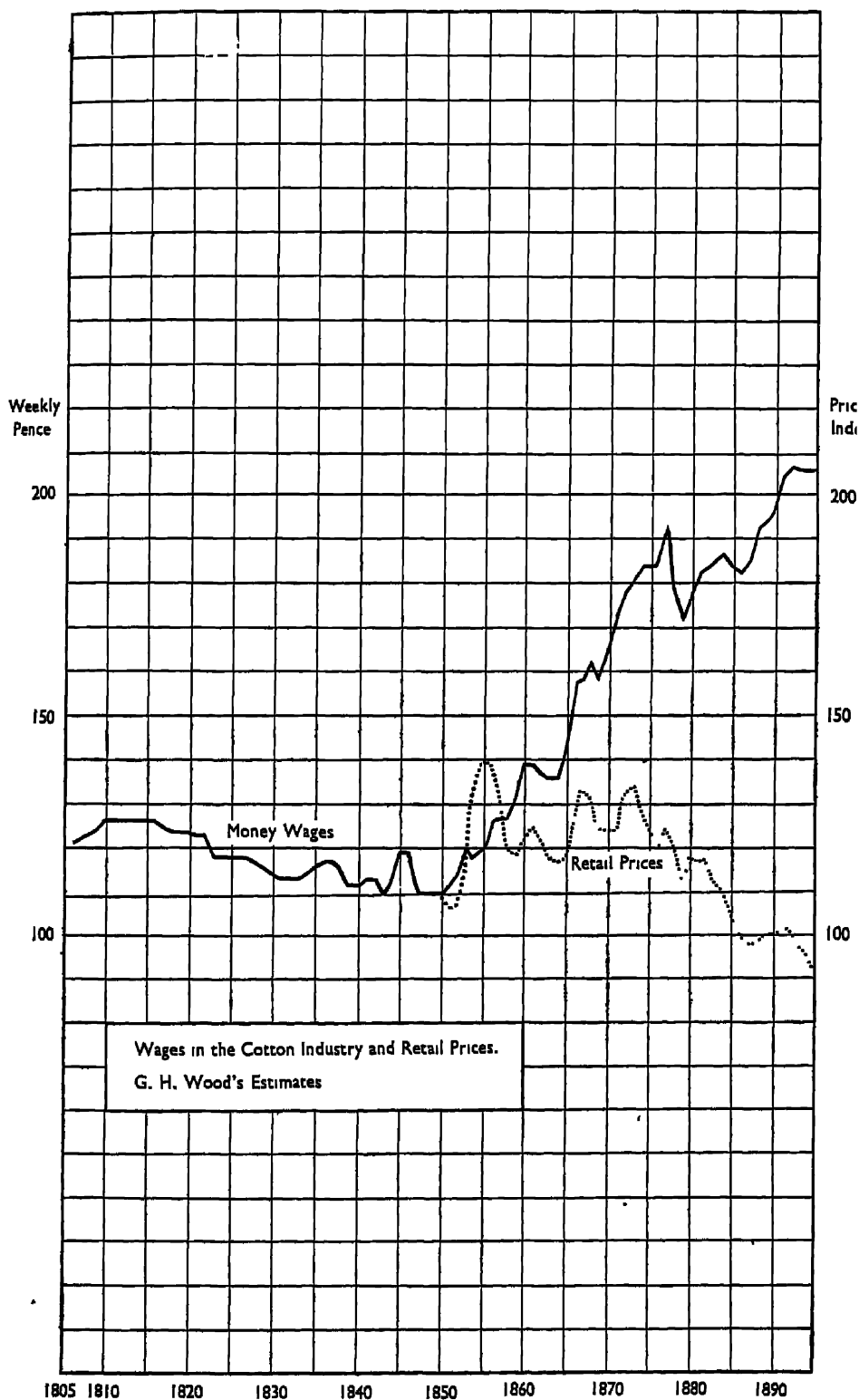
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THE SECOND REVOLUTION

In the foregoing chapters the general growth of the Co-operative Movement in Great Britain has been traced up to the end of the 1870's. By 1881, when the official statistics of the Co-operative Union begin, there were in existence 971 retail Co-operative Societies with a membership of 547,000 and sales of nearly £15,500,000, or £28 per member. In the same year the C.W.S. had an affiliated membership of 368,000 and net sales of over £3,500,000, while the Scottish C.W.S. had net sales of nearly £1 million. The ratio of wholesale to retail sales was thus about one in three, whereas now wholesale sales are about 60 per cent of retail sales throughout the entire Movement. Wholesale Co-operation was advancing fast, but had by no means fully established its position over the whole country. Production by the Wholesale Societies was still on a comparatively modest scale, and a very large proportion of their high total trade still consisted of a fairly narrow group of groceries. In relation to the narrow range of Co-operative trade in general, retail sales per member were remarkably high, indicating a high level of Co-operative "loyalty." £28 was no mean proportion of total income at a time when wages were still very low in relation to modern standards.

What were the wages out of which such payments were made? It is not easy to say; for in 1880 standard rates of wages were still exceptional, and there were wide variations in most trades not only between different areas but also in the same town and even in the same firm. It is therefore only possible to give the most general impression by citing examples from a few trades for which we have more information than about the great majority. Let us take engineers (fitters and turners), carpenters, and cotton spinners as fair samples of relatively well-organised skilled crafts. In 1880 the standard wage rates of engineers for a full week's work (usually based on a nine-hours day) ranged from 36s. in the London area to 26s. in Leeds, taking only a few of the largest centres. The Manchester rate was 32s., the Birmingham rate only 30s., and the Clyde rate only 27s. Bristol paid 30s., Nottingham 32s., the Tyne ports from 27s. to 29s. Blacksmiths earned the same or a little more; but smiths' strikers, whom we may take as a sample of the semi-skilled, got only 23s. in the Tyne shipyards and only 18s. 6d. on the Clyde. In Manchester their wage was about 21s. Shipwrights rose as high as 42s. in London, and boilermakers as high as 38s., as compared with 32s. for both trades in the Tyne area and 39s. for shipwrights in Liverpool. The Newport shipwrights, however, got only 30s. Generalising very broadly, we can reasonably put the full-time weekly wage of a





skilled engineer in a big provincial town at from 26s. to 32s., with an average rather under 30s., and the wage of a semi-skilled man in the engineering and shipbuilding industry at about £1. Unskilled workers were paid substantially less, but so variably that it is impossible to generalise about them.

Carpenters' wages were somewhat higher than engineers' for a full week's work ; but they were paid on an hourly basis in most cases, and their employment was a good deal less regular. The prevailing rate for carpenters ranged in 1880 from about 39s. in London and 38s. in Nottingham to 27s. 6d. in Glasgow and Edinburgh. It was about 36s. in Manchester and Birmingham and 34s. in Liverpool, but only 31s. in Sheffield and Preston and as low as 27s. in Bradford.

Textile workers' and miners' wages present greater difficulties, being based mainly on piece-rates and having therefore to be stated in terms of average earnings for a full week's work rather than of settled time-rates. Coal hewers, the best paid group in the pits apart from supervisory workers, earned about 5s. a day in Northumberland, about 4s. 6d. in Durham, Lancashire, and Yorkshire, and probably about 4s. 6d. on the average in South Wales. Earnings were lower in most of the other coalfields. Cotton spinners in the Manchester area averaged about 28s. 9d. on coarse spinning and about 37s. on medium counts ; but big piecers got only about 12s. 6d. Men weavers on six looms averaged about 30s. 6d. and weavers on three looms (mostly women) about 17s. 6d. Wages were lower in many of the smaller Lancashire towns, especially in North Lancashire. In the woollen and worsted trades there was great diversity. Wool-sorters ranged from 30s. to 24s., men spinners from 37s. 6d. (Leeds) to 30s. (Huddersfield and Batley), men weavers from about 26s. to 20s., or even less on types of work done mainly by women.

It must be stressed that these are all wages for a full working week on the assumption of no time being lost, and that they represent the earnings of the better-organised classes of workers, and not the lower wages paid by many of the worse or more scattered firms. Agricultural wages in 1880 ranged from an average of 12s. 6d. in the Eastern Counties and in the South-West to about 16s. in the North of England, where it was easier for the labourers to seek employment in the towns. This latter figure gives some idea of what was paid in the North to the less-skilled urban workers who had no Trade Unions to protect their interests. In the Midland Counties agricultural wages were a good deal lower, averaging about 14s. in Notts and Derby and about 13s. 4d. in the West Midland Counties. Men and women in receipt of the wages paid for the less-skilled work could seldom afford to deal with the Co-operative Stores, unless there were several earners in the household. The casualness of much of the employment meant the necessity of credit, or at least a pressure to seek credit in bad times too strong for more than a few to resist. Many

Co-operative Societies gave limited credit to the extent of allowing members to draw upon their share capital almost without restriction; and some went a good deal further than this. In general, however, the Co-operative leaders set their faces against the credit system; and as wages improved a little for the better-organised sections of the working class an increasing number of Co-operative Societies banned credit altogether, and some went to the length of selling well above market prices in order to increase the rate of dividend and thus provide their members with larger opportunities for saving. The consequence was that Co-operation developed almost, though never quite exclusively, as a movement of the better-paid workers, with but little appeal to the unskilled or under-paid sections of the labouring class. It shared this characteristic with Trade Unionism, which in 1880 barely touched the less-skilled workers. Joseph Arch had indeed during the boom of the early 'seventies succeeded in organising a high proportion of the agricultural labourers; and there had been other attempts at Trade Union organisation among various sections of the less skilled, for example, gas-stokers, railway workers, and labourers in the engineering trades. But these movements had been for the most part short-lived. The new Unions had melted away with the passing of the great boom of the early 'seventies; and by 1880 there was little left of them save a small remnant of Arch's once-mighty Agricultural Labourers' Union. Similarly, there were a few Co-operative Societies in the rural areas and a sprinkling of the lower-paid workers among the members of the urban Societies; but Consumers' Co-operation found its main body of supporters among the better-paid workers.

The Trades Union Congress had in 1880 an affiliated membership of nearly half a million—not far short of the number enrolled in the Co-operative Societies for retail trade. But this total included a fair amount of double counting, as it included Trades Councils as well as Trade Unions. The membership of the Trade Unions affiliated to the Congress was about 380,000, which means that there were probably about half a million Trade Unionists altogether, including all the non-affiliated Societies. This membership must have overlapped to a very great extent with that of the Co-operative Societies; for both groups were appealing mainly to the same stratum of society—the better-off manual workers. There was, of course, the difference that the Co-operative Societies included a certain number of small employers and clerical workers, and also some working-class housewives who were not “gainfully employed”—to use the Census phrase. But this last did not make so much difference as might have been imagined; for even in 1880 many Co-operative Societies, though nominally open to men and women on equal terms, refused to allow both husband and wife to be members. Where this rule was in force it was much more usual for the man to be a member than for his wife;

for it was still a very common notion in all classes that women were unfitted for the conduct of business and ought not to take part in public discussion—much less sit on committees and take a responsible part in the conduct of affairs. Co-operation, despite its close association with working-class housekeeping, was still in 1880 almost exclusively a movement run by men, though it had a considerable women's membership in the areas where women were largely employed in factory work. Some Societies worked on the principle of joint membership of husband and wife, treating the two as a single member ; but where this was done it was almost always the man who attended Quarterly Meetings and concerned himself with the conduct of the Society's affairs. There are even on record cases of Co-operative Societies refusing to accept wives as members without their husband's explicit consent. One such case occurred in Oxford in 1874.

One reason for the persistence of a tendency in many Societies to exclude wives from membership was a desire to limit the amount of share capital subscribed. Well before 1880 many Co-operative Societies had found themselves with more share capital on their hands than they knew how to employ in the expansion of their business. They were under an obligation to pay interest, usually at 5 per cent, on this share capital, and they found it hard to earn as much by investing it safely elsewhere. Accordingly, payment of interest on surplus share capital had sometimes an adverse effect on the rate of dividend on purchases ; and this led to a desire to restrict the taking up of new shares. One way of doing this was to prevent both husband and wife from being members, or even strictly to limit membership to one person from each family unit. There was the further point, which weighed no doubt with not a few of the men, that if the wife was a member of the Society she tended to regard the dividend as her own property—even though, in the days before the Married Women's Property Act, she could clearly have no legal title to it.* If the husband alone was a Co-operative member, he alone could receive interest and dividend ; and, though many Co-operators were only too glad to allow their wives to share in this source of income, there were many who were not. The struggle for " open membership " was long and arduous, especially in many parts of the North. When it had been won and it became the common practice for housewives to be Co-operative members—sometimes instead of their husbands, but more often together with them—there was naturally some tendency for sales per member to fall off, because each member no longer represented in nearly so many cases a complete household. We can, however, in speaking of the years round 1880, regard the total Co-operative membership as not being very much greater than the number of households which were customers of the Stores.

* She has no legal title even now, if the dividend is the product of a housekeeping allowance made by the husband. The Courts decided this point on appeal in 1944—again a case affecting the Oxford Co-operative Society.

On this basis a trade of £28 per member in the course of the year represented a large proportion of total income, even when allowance has been made for the fact that many households, especially in the textile districts, had more than one adult earner. That the figure could be so high was a sign of the large part of working-class earnings that had to be spent on necessary foodstuffs, boots, and every-day clothing such as the Stores mainly set themselves out to supply. During the period of falling prices which lasted from the middle 'seventies to the middle 'nineties, there was a great reduction in the cost of many of these basic necessities, especially foodstuffs. A similar fall in the 1930's brought about a considerable reduction in the proportion of working-class incomes spent upon food. In the 'eighties and 'nineties this was not the principal consequence of the fall. The workers ate better as a result of it, and bought more and better supplies ; and therefore the Co-operative Societies were offered very favourable chances of continued expansion even in periods of relative industrial depression.

The extent to which working-class consumption of basic commodities was increasing in the latter part of the nineteenth century can be most simply shown by the following table, extracted from data contributed by Mr. G. H. Wood to the *Journal of the Royal Statistical Society* in December, 1899.

CONSUMPTION OF CERTAIN GOODS PER HEAD OF POPULATION
1860-1896

		1860	1870	1880	1890	1896
Wheat and Wheat-flour	bushels	4.6	5.8	5.0*	6.0	5.6
Rice	.. lb.	1.4	6.7	14.1	9.4	6.5
Sugar	.. lb.	34.1	47.2	63.4	73.2	85.3
Tea ..	.. lb.	2.7	3.8	4.6	5.2	5.8
Meat	.. lb.	—	101.4	114.1	124.1	130.4
Currants and Raisins	.. lb.	3.6	4.0	3.9	4.7	4.9
Tobacco	.. lb.	1.2	1.3	1.4	1.5	1.7
Cotton	.. lb.	39.6	35.2	40.7	42.1	39.8
Wool	.. lb.	8.6	10.1	10.7	11.3	13.4

These are, of course, figures of consumption per head of the entire population, including the richer classes. But there is no doubt that the impression given by it is broadly correct in relation to working-class consumption. Bread consumption per head rose sharply, and consumption of rice more sharply still, as the main body of the population began to escape from semi-starvation ; and then the consumption of these things began to fall off as rising standards of living made it possible to buy larger quantities of more expensive foods such as meat and sugar. The consumption of sugar rose very rapidly throughout the period—a sure sign of rising prosperity ; and so did the consumption of tea. The statistics for cotton and wool show that the poorer classes were able to buy more woollen clothing

* This particular figure is due to peculiar circumstances. It was 6.1 in 1879 and 5.7 in 1881.

and did not much expand their consumption of the cheaper cotton goods. Of course the figures are not in all cases strictly accurate, and there are many commodities for which no usable figures exist. But the general picture of improving conditions is unmistakable.

Nor is there any doubt that the improvement was due mainly to falling prices. Mr. Redfern, in his *Story of the C.W.S.*, has compiled from the C.W.S. records a table showing the change in the prices of a number of necessary goods between 1882 and 1912. This table shows the prices paid by the C.W.S., mainly at the ports, and not the retail prices of the goods in question ; but it gives a none the less valuable picture of the movement of prices over the period. According to Mr. Redfern's table, butter fell between 1882 and 1896 from an average price of 1s. 3½d. a lb. to 11½d., tea from 1s. 9½d. to 1s. 4½d., sugar from over 3d. to 1½d., bacon from over 7d. to under 4½d., flour from 1½d. to 1d., cheese from 6½d. to 5d. ; and the cost of a family order of 21½ lb. of assorted goods from over 7s. 6d. to under 5s. Over the same period, according to Mr. G. H. Wood's figures, the general retail price index fell from 106 to 83—that is, by nearly 22 per cent—while average money wages rose by about 11 per cent. Real wages for those in full work thus rose by nearly one-third ; and a large part of this increase was taken out in better food and clothing.

Such average figures are, of course, fully consistent with the continuance of dire poverty among a considerable section of the working class. But there is no doubt that, whereas in the 'seventies and 'eighties the main part of the improvement in standards went to the better-organised sections of the working class and there was relatively little advance in the conditions of the unorganised and less-skilled workers, the situation changed in this respect after 1889, when the gasworkers and the dockers led the way in organising and striking for higher wages and better conditions for the less skilled and the Miners' Federation began to stand effectively for the lower-paid workers in the coal-mines and not merely for the hewers. The establishment of the Miners' Federation in 1888, and of the Gasworkers' and Dockers' Unions (now the General and Municipal Workers and the Transport and General Workers) in 1889, involved a revolution in Trade Union development, and brought the Trade Union Movement for the first time into lasting relations with large bodies of the less-skilled workers. The membership of Trade Unions affiliated to the Trades Union Congress doubled in a single year—1889—and though much of the increase was lost in the ensuing depression the consequences were lasting. In 1885 the Trades Union Congress's affiliated Unions had half a million members ; after 1889 there was only one year, 1893, in which they fell below a million.

Undoubtedly the Co-operative Movement profited by this growth of Trade Unionism as well as by the rising standards of living among the workers. A Trade Unionist was always a potential Co-operator ;

and the advance of the less-skilled workers helped to raise wage standards among the more highly skilled. The membership of retail Co-operative Societies rose steadily from the 547,000 of 1881 to the 1,356,000 of 1896, and the pace of the advance quickened notably in 1891 and 1892, when a net addition of 165,000 members was made in only two years. Thereafter the rate of increase slackened off with the advent of trade depression ; but the Co-operative Societies, unlike the Trade Unions, did not lose ground. They continued to advance, albeit more slowly, and were able fully to consolidate the ground which had been won.

The background to this record of advancing standards of living and steady and rapid Co-operative progress is, of course, a great technical revolution in the arts of production which was proceeding throughout the latter part of the nineteenth century. The outstanding characteristics of this revolution were a vast improvement in the means of transport, a rapid rise in agricultural productivity (mainly on the virgin soils of the New World), and an immense widening of the world market through the opening-up of new areas. The most spectacular feature was the opening-up of America. The population of the United States doubled between 1860 and 1890, and increased further by more than 20 per cent between 1890 and 1900. The interior of North America was rapidly developed as a source of supply for cereals and meat to the more populous countries—above all Great Britain. Transport costs by both rail and sea fell at a prodigious rate as more railways were built and as the speed and carrying capacity of steamships were improved. Trade with the Far East also developed very fast, cheapening tea, rice, and other Asiatic products. It became possible much more easily to steady food supplies when imports could be drawn from every quarter of the world ; for there was much less risk of simultaneous shortages and harvest failures than there had been when the European countries could draw only on one another's surpluses to make up their deficiencies of supply.

In Great Britain the interest that suffered as a consequence of these changes was that of agriculture. The cheap grain from the New World drove out of arable production much inferior land in Great Britain, so that the area under wheat fell from 3,500,000 acres in the early 'seventies to about 1,500,000 acres in the middle 'nineties. Many farmers went over from cereal growing to stock-raising, dairying, and various kinds of mixed farming. The area under permanent pasture rose from 12 million acres in the 'seventies to 16,500,000 acres in the middle 'nineties. But scarcely had this transformation been effected when agriculture was again hit hard by the advent of refrigeration, which opened the British market to frozen and presently to chilled meat from the American continent, to frozen meat from New Zealand and Australia, and to large-scale imports of butter from New Zealand, in addition to the Danish supplies which had earlier begun to oust

from British homes the Irish butter sold so largely by the C.W.S. in its pioneering days.

British Co-operation, being almost wholly urban, was in no wise adversely affected by the troubles of British agriculture. On the contrary, it profited by them, or rather by the forces to which they were mainly due. Co-operators had been in the early days of the Movement ardent advocates of the repeal of the Corn Laws. The Rochdale Pioneers had supported Cobden, their M.P., and Bright, their fellow-citizen, in their attempts to follow up the victory of 1846 by the repeal of other duties on imports. They had been behind the Cobden French Treaty of 1860, which was expected to be the beginning of a general Free Trade movement in Europe, and behind Gladstone's Budget of the same year, which went a very long way towards establishing Great Britain on a completely Free Trade footing. The "free breakfast table" became one of the Co-operators' most often reiterated demands; and devotion to the cause of Free Trade did much to cement an unspoken alliance between the Co-operative Movement and the Liberal Party. This was partly responsible for the splits which occurred in a number of places, including Rochdale itself, round about 1870, and led to the establishment of separate Conservative Co-operative Societies. The Co-operative Movement no doubt proclaimed itself to be free from all party allegiances in politics; but most of its prominent leaders were well-known Liberals, and its weight as a movement was thrown steadily on the Liberal side.

This political issue came to a head mainly in the years immediately after the Reform Act of 1867, passed by the Conservatives after the Whig Reformers had failed to carry their own measure of "moderate Reform." The Act of 1867 widened the franchise to a far greater extent than the great Reform Act of 1832. Just before it, in 1866, the electorate numbered about 1,200,000: in 1869 it had increased to 2,250,000. Moreover, the class which benefited most by the Act of 1867 was precisely that from which the Co-operative Movement drew its strength. In leaving the county constituencies alone and broadening the basis of representation to include the rate-paying householders in the towns the Act of 1867 in effect enfranchised the Co-operative Movement and totally changed the civic status of its membership.

The ensuing Reform Act of 1884, which further increased the electorate from just under three millions in 1883 to five millions, had much less effect on the Co-operative Movement, except in the mining areas and some of the smaller towns. It was the Act of 1867 that altered the face of British politics and compelled both the great parties to make a direct appeal for working-class support. The Co-operators, thanks to their reputation as encouragers of working-class thrift, had won their legal emancipation well before most of them received the vote. The Trade Unions on the other hand had to wait until their members had achieved voting rights before Parliament

was prepared to grant them recognition. The Trade Union Acts of 1871 and 1876, the Master and Servant Act of 1867, the Employers and Workmen Act of 1875, and the Conspiracy and Protection of Property Act of 1875 together formed the Trade Union charter of emancipation and provided legal foundations on which the Trade Unions could build up a structure of collective bargaining. The recognition was grudging, and had to be fought for hard and wrung partly from the Liberals and partly from the Conservatives bidding against them for support from the new voters. But it was sufficient, until it was upset in the new century by the famous Taff Vale judgment of the House of Lords.

It was not only Trade Unionism that profited from the new orientation of the political parties after 1867. During the next few years, under the stimulus of abounding trade prosperity, Parliament, under first a Liberal and then a Conservative Government, enacted an astonishing series of measures of social reform. Pride of place belongs to the Forster Elementary Education Act of 1870, which laid the foundations for a universal system of State-aided elementary education. But there was much besides—the Merchant Shipping Acts which established the “Plimsoll Line”; the Coal and Metalliferous Mines Acts, extension of the Factory Acts to cover all types of factories and most workshops, the beginnings of State intervention in slum-clearance and housing under the Torrens and Cross Acts, and even some humanisation of the deterrent system of poor relief. The State was beginning to act on the principle not only of “educating its new masters,” but also of responding in some measure to their needs and demands. The heyday of Free Trade and *laissez-faire* in international economic relations was also the period during which the notions of internal *laissez-faire* were being most speedily broken down.

After these years of bidding and outbidding by the rival parties for the support of the new electors, the slump of the late 'seventies recalled the governing classes to a mood of caution. The period of competitive social reform came abruptly to an end; and all the emphasis was laid for a time on the need for retrenchment. It was commonly believed in the 'eighties that the nation was getting poorer, though in truth its real wealth was increasing fast. Unemployment did in fact become much more serious, and particular groups of workers suffered very severely—notably the miners and those who depended on the prosperity of agriculture. But, as we have seen, even in face of heavier unemployment standards of living rose for the great majority through the rapid cheapening of the necessities of life; and the troubles which beset the iron and steel workers, the engineers and shipbuilders, and the miners, were proved in the long run to have been the pains of growth rather than of decay.

Great Britain, in effect, was passing at this time through a further Industrial Revolution based on steel. The older iron trades were

being knocked out by the new processes of steel-making devised by Bessemer, Siemens, and later Gilchrist Thomas ; and it took time to clear away the obsolete plants and to re-equip the constructional industries with the new instruments of production. When this had been done, the metal, engineering, shipbuilding, and coal industries all underwent a remarkable revival, and played their part in fitting out the countries which were just setting forth along the road of economic development with railways, dock and harbour plant, gas plant, postal and telegraph plant, mining machinery, and a host of other capital goods. Engineering developed rapidly in the direction of large-scale production based on accurate measurements and the scientific use of the newly mass-produced material, steel. The export of coal and capital goods was resumed at a great rate ; and there was also a brisk demand at home for ships, machinery, and the equipment of the internal transport and public utility services.

The difference between this new advance and those which had occurred earlier in the century was that Great Britain no longer enjoyed any monopoly of the new techniques. In the latter part of the nineteenth century the United States and Germany were developing economically at a much greater pace than Great Britain. They were rapidly catching up, and in some fields were soon passing British industry in the exploitation of the new techniques. In the early 'seventies Great Britain was producing annually about 120 million tons of coal, about 6,500,000 tons of pig-iron, and about half a million tons of steel. By the late 'nineties the output of coal had risen to over 200 million tons, of pig-iron to about 8,500,000 tons, and of steel to 4,200,000 tons. But over the same period coal production in the United States had risen from forty-three million tons to 189 million tons, and in Germany from thirty-two million to eighty-seven million tons; pig-iron production had increased in the United States from a little over two million to 10,500,000 tons, and in Germany from less than two million to 6,700,000 tons. Steel production in both countries had been almost negligible in the early 'seventies, but by the late 'nineties the United States was producing about 7,500,000 tons a year and Germany about five million tons. Both the United States and Germany, profiting by the latest methods which made possible the use of ores hitherto useless, had surpassed Great Britain as producers of steel.

These developments did not, however, at this stage interfere at all seriously with the growth of British capital exports. The United States, and to a considerable extent Germany as well, were mainly engaged in developing their own resources rather than in seeking external markets ; and with the rapid opening-up of new countries by the improvement in the means of transport there was room for all comers. This did not prevent trade from oscillating wildly from year to year under cyclical influences ; but it did mean that the surge

forward which followed each depression was bigger than anything known before. Economic Imperialism was developing fast as the older countries sought new areas suitable for economic penetration. But up to the end of the century the imperialist policies of the leading nations did not decisively clash. There were troubles over the partition of Africa among the European Powers, which was proceeding at a great pace between 1880 and 1900, and there were troubles in the Far East over rival claims to "spheres of influence" in China. But the friction was not serious enough to lead to war, or to cause the rival imperialists to jostle one another very greatly in their economic manoeuvres ; and consequently there was no severe downward pressure on wages and conditions arising from the competitive efforts of the rival national groups of capitalists to enlarge their shares of the world market. There were, no doubt, forewarnings of more critical rivalries to come ; but for the time being the conditions of economic growth were relatively easy, and but for the cyclical disturbances and their effects on the level of employment in the bad years the progress would have been unqualified and the standard of living would have risen a good deal faster than it actually did.

Throughout this period most of the Co-operative leaders remained firmly attached to the Liberal Party. Up to the 'nineties this was almost equally true of the leaders of the Trade Unions ; for the Socialist movements of the 'eighties made but little impression on most of the leaders of the older Unions of skilled workers. In the 'nineties, however, the Trade Unions began to break away from Liberalism, though the process took time. The New Unionism which had begun among the miners, the gasworkers, and the dockers, went on to assume a political shape under the leadership of Keir Hardie, John Burns, Ben Tillett, and Tom Mann. Keir Hardie's Independent Labour Party, formed out of local groups which had come together in many areas under the banner of "Independent Labour Representation," developed a programme in which the principal immediate demands were the minimum wage, the eight-hours day, and the right to work ; and on the basis of these demands Hardie set out to bring the Trade Unions into politics as an independent force. He did not convert most of the older leaders ; but gradually the rank-and-file members of the Trade Unions were swung over to the Socialist side, and at length in 1900 the Labour Representation Committee, which became the Labour Party six years later, was launched as a federal alliance of Trade Unions and Socialist Societies standing for an evolutionary programme of collectivism and social reform.

It was hoped when the L.R.C. was constituted that it would include the Co-operative Societies as well as the Trade Unions. But only one Co-operative Society—Tunbridge Wells—joined it in its early days. The Co-operative Movement had not passed through the

same evolutionary experience as the Trade Unions. It was not, like Trade Unionism, engaged in a direct class struggle over wages and conditions of work—matters which its leaders often tended to regard more from an employer's than from a worker's point of view. It was, on the other hand, ardently in favour of Free Trade, because it represented a body of consumers who had benefited greatly by the falling prices of the period between the middle 'seventies and the middle 'nineties, and because, as a great importing agency, it wanted the fullest freedom to purchase its supplies where it would. This attachment to Free Trade tied the Co-operative Movement more closely to the Liberal Party than the Trade Unions were ever tied ; and, despite its formal neutrality in the political sphere and the presence among the members of Co-operative Societies of many Conservatives who found the Stores quite as valuable as their Liberal co-members, the effective weight of the Movement was just as much on the side of Liberalism as was the weight of Nonconformity. Religious Dissent and Consumers' Co-operation were twin props of Liberalism ; and the young men who had embraced Socialism and were struggling to convert the working-class movement to the Socialist faith found the going very much heavier in the Co-operative Societies than in the Trade Unions.

What has been said here about the tacit alliance between Co-operation and Liberalism may seem at first sight to be inconsistent with the help given to Co-operators by Conservative Members of Parliament such as Sotherton Estcourt, and with the Conservative political associations of some of the leading Christian Socialists. There is in fact no inconsistency. The Liberal Party, in the sense in which I am here speaking of it, came into effective existence only after the Reform Act of 1867 had enfranchised a large proportion of the better-to-do urban workers. Up to 1867 the two great parties were not Conservatives and Liberals, but Whigs and Tories—a very different matter. The words "Radical" and "Liberal" both signified politicians standing somewhat apart from the two major parties, though nearer on many issues to the more advanced Whigs than to the Tories. Or rather, perhaps, it should be said that a "Liberal" meant mainly a believer in *laissez-faire*, a friend to unfettered capitalist enterprise with a bias in favour of the middle classes against the aristocrats, and of industry against the land. Such "Liberals" favoured an extension of the franchise because it would give them more power in Parliament against the aristocrats, Whigs and Tories alike. They favoured the claims of dissenters to equality of rights with church people, and were opponents of church rates, church education, episcopal power as well as landlordism in the House of Lords, and ecclesiastical pretensions generally. Many of them were strong opponents of factory legislation and of Trade Unions, which they regarded as illegitimate interferences with freedom of enterprise and contract ; and most of them were strongly individualist in their general outlook.

These "Liberals" shaded off into one sort of "Radicals" who wanted to go a good deal further in extending the franchise, abolishing or drastically reforming the House of Lords, disestablishing and disendowing the church, uprooting the power of squirearchy in the villages, and instituting systems of universal popular education and municipal reform. "Radicals" of this type had necessarily to look for support a long way beyond the middle classes; and some of them, such as Joseph Hume, were strong supporters of Trade Unionism and factory legislation, and associated themselves in some degree with the claims of the Chartists. They were much less associated with capitalist business than most of the "Liberals," and some of them were followers of Jeremy Bentham—the "Philosophic Radicals"—and later of John Stuart Mill.

There was, however, another sort of "Radical" who had much closer affiliations in some respects with Toryism than with Whiggery. Such men as Richard Oastler, the factory reformer, and Joseph Rayner Stephens, the Methodist minister who was expelled by the Wesleyans for his Radical activities, called themselves "Tory-Radicals." They hated the new industrialism and everything that it stood for, and combined their championship of popular claims with a harking back to "the good old times" before cotton mills and coal pits had defaced the country and erected a new generation of masters who had in their view no sense of community or of social responsibility. Their hatred of the new capitalism made them allies of the Chartists and of the Trade Unions; and most of all they loathed the new, deterrent Poor Law Act of 1834 and denounced the horrors of child-labour in mines and factories and the insanitary slumdom of the rapidly growing industrial towns. In some of their protests these "Tory-Radicals" found allies among Tories who were by no means Radicals, but shared their hatred and horror at the conditions of the new industrialism. Such men as Lord Shaftesbury fought valiantly for factory reform, but would have nothing to say to democracy or the Charter or the Trade Union claims to collective bargaining rights. Benjamin Disraeli and his "Young Tories" sought to build a bridge between these groups, and to convert the Tory Party into an instrument of paternal government for protecting the poor without upsetting the aristocratic order.

In the earlier Parliaments after 1832 the main body of both Whigs and Tories stood firmly opposed to further political change. They wished to regard the settlement of 1832 as final, and looked forward to a system under which the aristocracy, reinforced by a manageable addition of middle-class men whom it could in time hope to assimilate, would continue to govern the country, changing its ways only to the extent of making necessary concessions to the claims of capitalism. Against this combination of the great parties were ranged the "Liberals" and "Radicals" in the sense given to these words in the

preceding paragraphs ; and the further group of " Tory-Radicals " began to take shape in the course of the debates over the new Poor Law. " Liberals " and " Radicals " were, however, soon sharply divided from " Tory-Radicals " on the question of the Corn Laws, which pushed other issues into the background and tended to weld the former into an alliance with those Whigs who were prepared to advance some distance in the direction of Free Trade. Ultimately, in 1846, it was a Tory Prime Minister, Peel, who, converted by the logic of the Irish famine, repealed the Corn Laws against the protests of his own party and with the full support of the Liberal-Radical group. The Tories split ; and what was in effect a new party began to form itself out of the " business " Tories, the main body of the Whigs, and the Liberal-Radicals. Gladstone, soon to be the protagonist of Liberalism, was not a Whig, but a Peelite Tory who became a leader in this new movement.

Against this new combination of forces, Disraeli set to work to organise a new counter-party based on what was left of the Tories, *plus* the Tory-Radicals. It was not an easy task ; for he was left with the most reactionary and the most advanced Tories, but without the middle group which had followed Peel. The new Whig-Liberal-Radical grouping, after floundering as long as Palmerston, a determined old Whig and enemy of further reform, remained alive, was converted to the necessity of some further extension of the franchise to meet the claims of the manufacturing and business interests, but could not be induced to go far enough to secure the support of its more Radical wing, which broke away and turned it out of office. Disraeli came in, and passed the Reform Act of 1867 by introducing a Bill which his Tory followers could just swallow and then accepting Radical amendments which converted it into a much more democratic measure. He was trying, in the familiar phrase, to " dish the Whigs " by appealing past the middle classes to the upper strata of the working class. No doubt he hoped that their dislike of the employing class, with its hostility to Trade Unionism and factory reform, would enable him to win them over to Tory Democracy on the basis of a fairly extensive programme of social reform.

The effect of Disraeli's strategy was to bring about a rapid transformation of the Whig-Liberal groups, which promptly turned themselves into a Liberal Party in the hope of " dishing the Tories " in their turn. This is the underlying explanation of the extraordinary profusion of social reforms poured out by both parties alike during the ensuing years. But no amount of concession to working-class claims by the Tories, now metamorphosed into the Conservative Party, availed to win over any substantial part of the skilled, organised working class—the element which was chiefly represented in both the Trade Unions and the Co-operative Societies. This element saw much more hope of influencing permanently the new Liberal Party,

to which it was further tied by its desire for the "free breakfast table" and its hostility to the Established Church. It was at this stage—not sooner—that the identification of most of the working-class leaders with Liberalism began. Indeed it could hardly have come sooner, for before 1867 there was in effect no Liberal Party organised on a national scale.

One notable consequence of the extension of the franchise in 1867 was a rapid growth of political clubs and associations throughout the urban areas. Up to 1867 the only form of political association in many places had been the self-co-opting "caucus" of the local Tory or Whig notables; and in general only candidates who were in some degree rebels from party orthodoxy had attempted to organise clubs or associations based on a wide membership. After 1867, though the "caucuses" were able to maintain themselves in many of the county constituencies, it became necessary for both parties in the towns to set out to organise the enlarged electorates by enrolling their supporters in formal associations, often linked up with social clubs. Liberal and Radical Working Men's Clubs and Associations came into being in many places where they had not existed before; and the Conservatives followed suit with similar bodies. These Associations thereafter played an important part in the selection of party candidates, especially on the Liberal side; and the best chance for a Trade Unionist or working-class leader who wanted to get into Parliament or to become a municipal councillor was to get himself put forward by the local Liberal and Radical Working Men's Association for adoption by the Liberal Party as a whole. Alexander Macdonald, the miners' leader, was elected by this method as M.P. for Stafford in 1874; and almost the whole of the "Liberal-Labour" group of M.P.s in the ensuing Parliaments secured election by the same means, often after driving out of the field a rival Liberal candidate preferred by the local middle-class Liberals.

Trade Unionists thus began to find their way in small numbers into Parliament—Alexander Macdonald and Thomas Burt in 1874, Henry Broadhurst in 1880, and quite a group at the General Election of 1885, when the strength of the "Lib-Labs" rose to eleven. Most of these Trade Union members were also Co-operators; but as far as I can discover no one prominently associated with the Co-operative Movement stood for Parliament until 1885, when Lloyd Jones, who was connected with the *Newcastle Chronicle*, fought the Chester-le-Street Division of Durham as a third-party candidate, against both Liberal and Conservative, and came in a good second, with 3,606 votes to the Liberal's 4,409 and the Tory's 2,018. Thereafter no other leading Co-operator seems to have stood for Parliament until, in 1900, William Maxwell, the leader of the Scottish Co-operators and president of the S.C.W.S., contested the Tradeston Division of Glasgow, and Benjamin Jones, the London manager of the

C.W.S., simultaneously contested Deptford. Neither was successful, though both achieved respectable polls in straight fights. Maxwell polled 2,785 against a Liberal Unionist's 4,389, and Jones 3,806 against a Conservative's 6,236—by no means bad showings in the "khaki" election of 1900. These isolated contests did not, however, as we have seen earlier in this chapter, imply any general movement of Co-operators towards political action such as was occurring among Trade Unionists. They were personal ventures, in no way committing the Movement, which was the more inclined to look askance at political action because it would have meant involving Co-operation in the lively battle then proceeding between the "Lib-Lab" faction and the partisans of "Independent Labour Representation."

Indeed, as we shall see in a subsequent chapter, by 1900 Co-operation and Trade Unionism had slipped a long way apart. Though most of the Trade Union leaders were Co-operators and many Co-operators were Trade Unionists, there was in the latter part of the nineteenth century neither any commanding figure to link the two movements together nor any body of lesser leaders active and prominent in both fields. In earlier days such men as Alexander Campbell, William Allan of the engineers, Alexander Macdonald of the miners, and many others had been prominently associated with Co-operation as well as with Trade Unionism. This was partly because from the Owenite period right up to the 'seventies the Trade Unions were actively interested in various forms of Co-operative Production. As this interest died out and Co-operation became more and more decisively a Consumers' Movement engaging its labour in the ordinary labour market and rejecting such notions as the "bounty to labour" and the self-governing workshop, there was much less to bring the two movements together as well as something—the problem of wages and conditions in Co-operative employment—to hold them apart. Producers' Co-operation did not disappear: on the contrary there was, as we shall see, a considerable revival of it in the 'eighties and 'nineties. But the Trade Unions had much less connection with it than in Owenite or Christian Socialist days, or in the boom period of the early 'seventies. In the 'eighties Trade Unionism and Consumers' Co-operation went on their several ways, each shedding much of its earlier idealism, and each settling down to consolidate its position within somewhat narrowly delimited fields. Trade Unionism was shaken out of its rut by the uprising of the less-skilled workers at the end of the 'eighties. Co-operation received no such jar. It went on its way, expanding by further advances along roads which it already knew, and not paying very much attention to those who were calling upon it to essay essentially new feats. How rapidly it did expand, and how it dealt with those who demanded that it should strike out along new lines, we shall see in the ensuing chapter.

XI.

THE 'EIGHTIES AND 'NINETIES

In an earlier chapter I have attempted to tell the general story of the Co-operative Movement up to the middle 'seventies, when the period of rising prices reached its end and many of the ventures in Co-operative Production launched during the boom period came abruptly to a conclusion. Two aspects, however, were deliberately omitted from the record because it seemed easier to link them up with subsequent than with earlier events. These two were, first, the establishment of the annual Co-operative Congress and of the central body which developed into the Co-operative Union, and, secondly, the setting up of the *Co-operative News* as the authoritative organ of the Movement.

We have seen how in the 'sixties the Co-operative Societies in the North of England and in Scotland began to hold regular conferences, largely in connection with the amendment of the Industrial and Provident Societies Acts and the establishment of their respective Wholesale Societies and other federal agencies, such as the Co-operative Insurance Company, designed to serve the interests of the Movement as a whole. The Lancashire and Yorkshire Conference Association became in the 'sixties the most influential agency for the formulation of general Co-operative policy ; but except in these two counties and in certain parts of Scotland there were up to the late 'sixties only occasional conferences of neighbouring Societies, if we except the delegate gatherings of the North of England C.W.S. The need for a general representative body embracing enough to stand for Co-operation in all its aspects, including Producers' as well as Consumers' Co-operation, was, however, coming to be widely recognised, thanks largely to the efforts of the old Owenite, William Pare, who from 1865 onwards constantly urged, in letters to the *Co-operator*, the need for some sort of inclusive Co-operative League. Henry Pitman, in the *Co-operator's* editorial columns, steadily supported this demand ; but for some time nothing came of it. The Northern Societies were in the main busy with building up the C.W.S. Those in Lancashire and Yorkshire were disposed to be content with their own regional Conference Association. The Scots were preoccupied with the affairs of the S.C.W.S. and the Societies on the North-East Coast with their own affairs, especially in connection with the various movements for Producers' Co-operation and the establishment of a C.W.S. branch at Newcastle-on-Tyne. London, as we have seen, was weak as a centre of Consumers' Co-operation, and was largely dominated by the middle-class friends of the Movement, who were

mainly interested in stimulating Co-operative Production under producers' control.

In these circumstances it was none too easy to bring the various sections of the Co-operative Movement together. Pare, however, persisted, and was reinforced by Edward Owen Greening, who moved from Manchester to London and there founded in 1867 the Agricultural and Horticultural Association with the object of stimulating Co-operative activity on the land. In 1868, under the chairmanship of Edward Vansittart Neale, a series of meetings was held at the offices of Greening's Association on the question of calling a representative National Co-operative Congress ; and from these meetings a circular went out to Co-operative Societies throughout the country. The response was disappointing ; but Pare persisted, and early in 1869 he succeeded in creating a provisional committee in London and in securing the support of the Lancashire and Yorkshire Conference Association for a National Congress to be held later in the year.

This Congress, the first of the regular series of Co-operative Congresses, met in London in May, 1869, under the auspices of an influential group of middle-class sponsors, including John Stuart Mill and Stanley Jevons, besides such old friends of the Co-operative Movement as Thomas Hughes, E. V. Neale, Walter Morrison, Auberon Herbert, and A. J. Mundella. Pare, Holyoake, Ludlow, and others laid before the delegates their proposals for the constitution of a central representative body for the entire Movement ; and it was agreed as a step towards this to constitute a London Committee to act in conjunction with the existing Lancashire and Yorkshire Conference Association. This Association, at its conference held at Easter in 1870, agreed to merge itself in a wider national body ; and a second National Congress held at Manchester at Whitsuntide the same year set up the Co-operative Central Board, out of which gradually developed the Co-operative Union. Ludlow's plan, which required regional organisation of the Movement throughout the country, was not deemed to be immediately practicable ; and for the time being the Congress limited itself to creating a Central Board consisting of two sections, one based on London and the other on the North, with Scottish representatives added to those from the Lancashire and Yorkshires Societies. It was hoped from the first to endow the Central Board with an office and a full-time secretary of its own ; but the Societies provided too little money for this to be done, and for a time William Nuttall, of the C.W.S., acted as secretary. This arrangement lasted until 1873 ; but in the course of 1872 the North-Eastern and Midland areas, which had been left unrepresented in the scheme of 1870, created organisations of their own and demanded representation on the Central Board. These developments led in 1873 to the reconstitution of the Board, which was divided into five sections representing respectively London and the South, the

Midlands, the North of England, the North-West, and Scotland. Each Sectional Board was to be autonomous in its own affairs ; but each was to be represented on a United Board which was to become the Executive Committee of the entire Movement. Edward Vansittart Neale agreed to take office as secretary of the new body ; offices were set up in Manchester ; and in effect the Co-operative Union was established as the agency responsible both for summoning and organising the annual Congress and for acting as the central advisory body for all Co-operative Societies throughout the country. The following year J. M. Ludlow was appointed as Registrar of Friendly Societies ; and he and Neale acted closely together both in drawing up model rules, which were issued for the guidance of Co-operative Societies through the Central Board, and in guiding the Movement through the difficulties of the ensuing period of rapid growth and consolidation.

The five sections set up in 1873 soon proved inadequate to meet the needs of the expanding Movement. In 1875 a Western Section was established covering Devon, Cornwall, Somerset, Gloucestershire, Herefordshire, and South Wales—this last an area in which Co-operation, after a retarded beginning, was at length showing signs of growth. In 1889, when, as we shall see, Agricultural Co-operation first began to make progress in Ireland under the leadership of Horace Plunkett, a separate Irish Section was set up, only to disappear six years later as the outcome of a quarrel which will be described in due place.* In 1895 the Western Section was again divided. A demand from certain of the Welsh Societies for a separate Welsh Section was refused ; but the counties of the South-West were erected into an independent section, leaving the South Wales Societies in the Western Section with those of Gloucestershire and Herefordshire.

The record of the debates at successive Co-operative Congresses does not make very clear the reasons why the demand for a separate Welsh Section of the Co-operative Union was refused. There was a party, which at first carried the day on the United Board, hostile to any increase in the number of sections on grounds of expense and administrative complications, such as the alteration in the balance of representation on the Central and United Boards. It was also alleged that the Welsh Co-operators were themselves divided in opinion, some wanting a section covering the whole of Wales as a national unit, whereas others wanted only an increased representation for South Wales. The Co-operative Congress of 1894 referred the entire matter for discussion at a joint meeting of the North-Western and Western Sections, which at that time between them covered the Welsh Societies ; and this meeting recommended, not a Welsh Section, but a division of the Western Section into two, leaving

* See page 244.

Gloucestershire, Herefordshire, and Monmouthshire in a new Western Section with South Wales, and the rest of Wales in the North-Western Section—a new South-Western Section to be constituted out of the remainder of the Western Section. The United Board demurred to this proposal ; but it was approved, after debate, at the Congress of 1895—an attempt by the Brymbo delegate to press for a separate section for Wales as a whole not being taken to a vote, though he was supported by the delegate from Menheniot, who complained that no Welsh representative had been invited to the joint meeting of the Western and North-Western Sections which had framed the proposals. The absence of any expression of opinion from the South Wales Societies showed clearly the lack of any united Welsh demand for autonomy and the weakness of the whole Movement in South Wales—a weakness on which I have commented in an earlier chapter.

The division of the Western Section, though it did not result in “ Home Rule for Wales,” created a new section in which South Wales was evidently meant to become the predominant partner. There thus came to be seven Sectional Boards, excluding Ireland; and the Sectional Boards together constituted the Central Board, of which the smaller United Board, consisting of representatives from each section, was the responsible executive agent.

The sections were, moreover, gradually divided up into smaller districts based on Conference Associations of the neighbouring Societies. This method of district conferences was gradually extended over the whole country, and led presently to a demand that the districts rather than the individual Societies should choose the Sectional Boards. There was much disputation over this issue, which was finally disposed of in 1882 by allowing each Section to choose its own method of representation. At first the districts financed themselves ; but from 1884 they began to receive subventions from the central funds of the Co-operative Union, and from 1887 onwards they were allowed to be separately represented at the annual Co-operative Congress.

The Co-operative Movement thus gradually equipped itself with representative machinery, central, regional, and local, for the discussion of its collective problems and for propaganda in the Co-operative cause. For some time there were considerable difficulties in the sphere of central organisation, due chiefly to the high cost of bringing delegates or representatives from all parts of the country to a central meeting place. For a while an attempt was made to meet these difficulties by dividing responsibility. The North-Western Section was constituted a sort of general purposes committee for the day-to-day conduct of the Union’s Manchester office, while the Southern Section was entrusted with the task of watching over necessary amendments to the Industrial and

Provident Societies Acts and other matters affecting the relations of the Movement with Parliament and with the departments of government. This division of functions did not, however, work well ; and gradually the Co-operative Union became strong enough to establish national machinery for various purposes under the direct auspices of the United Board. In 1882 came the Joint Committee of Trade Unionists and Co-operators and in the following year the first Education Committee—with both of which I shall deal later ; and in 1888 the Union joined forces with the C.W.S. and S.C.W.S. to establish the Joint Propaganda Committee. The following year the Co-operative Union altered its constitution so as to become a registered Society under the Industrial and Provident Societies Acts—a change which made much easier the conduct of its growing business, especially in the field of publication. In 1891 Neale, already in his eighties, resigned the secretaryship, and was succeeded by J. C. Gray, who had been assistant secretary since the death of Joseph Smith in 1883. Gray, who had much to do with building up the Co-operative Union to its modern position in the Movement, piloted on to the Statute Book the consolidating Industrial and Provident Societies Act of 1893, and carried through during the next few years extensive measures of reorganisation from which the existing structure of the Union has mainly emerged.

The establishment of the annual Congress and the Central Board in 1869 had met one of the Co-operative Movement's most pressing needs ; but it was widely felt that the requisite unity of policy and purpose could not be achieved unless the Movement could have command of a satisfactory journal of its own. There existed in the late 'sixties three Co-operative periodicals with some claim to more than local standing—Henry Pitman's *Co-operator*, first started in 1860; J. T. M'Innes's *Scottish Co-operator*, started in 1863; and a newer venture, *The Social Economist*, begun in 1868 by the indefatigable Holyoake in conjunction with Edward Owen Greening. None of these journals satisfied the leaders of the Consumers' Movement. *The Social Economist* was much more interested in Producers' Co-operation and Co-partnership than in the Store Movement, and was at loggerheads with the Store leaders over the question of the " bounty to labour." The *Scottish Co-operator* was but a small sheet, circulating little outside Scotland ; and the most ambitious of the three, Pitman's *Co-operator*, which had long ranked as the unofficial organ of the Movement was giving less and less satisfaction as its editor devoted more and more space to his personal crusade against vaccination and had consequently less to spare for essential Co-operative affairs. Moreover, Pitman's paper was in financial difficulties ; and the Northern leaders did not feel like coming to its assistance except on terms which would give them full control.

The *Co-operator*, founded in 1860 by the Manchester and Salford Equitable Society only a year after its formation and edited at the outset by Edward Longfield, had passed early in its history into the hands of Henry Pitman, brother of Sir Isaac Pitman, and had speedily become the principal forum for discussions on Co-operative problems and policy. It had served the Movement well for a number of years, and had been highly influential in bringing the Co-operative Congress and the Central Board into being. But Pitman held pronounced views on many subjects quite apart from Co-operation ; and what the Co-operative leaders in the North wanted was a paper which they could control and make into an organ of Consumers' Co-operation and an instrument for building up the Movement on what they regarded as sound business lines. Acting on this principle they set up by resolution of the Congress of 1870 the North of England Co-operative Newspaper Company, and entered into negotiations with the editors of the three existing journals, all of which were persuaded to suspend publication in order to give a clear field to a single organ of the entire Movement. Before this, in 1869, a group of Manchester compositors headed by Robert Stapleton had taken the lead in establishing the North of England Co-operative Printing Society as a Producers' Society sharing profits between labour and invested capital. A somewhat similar Society established two years earlier in London had printed *The Social Economist*, and there had been other attempts to establish Co-operative Printing Societies in Manchester and in Halifax with the idea of taking over the production of Pitman's *Co-operator* and of acting as general printers to the Co-operative Societies in the North. These earlier ventures did not succeed ; but the North of England Co-operative Printing Society secured the printing orders of the C.W.S. and was entrusted in 1871 with the production of the new journal which the Newspaper Company had been set up to bring into being. In 1872 the Printing Society, largely as a result of these contacts, introduced the system of sharing profits with its customers as well as with its employees, and, after certain initial difficulties, passed mainly under the ownership of a number of Co-operative Societies and successfully consolidated its position not only in Manchester but also in London and Newcastle, where it established flourishing branches which have continued in business up to the present time.

In 1871 there appeared under these auspices the first number of the *Co-operative News*, which has been recognised ever since as the official organ of the Co-operative Movement. "It is now," proclaimed the prospectus announcing the new venture, "in the power of the Co-operators of England to create for themselves a special newspaper of commanding interests and influence," and one that "will be able to exercise political as well as social influences." These brave words were somewhat premature. At the outset the editorial arrangements

were more than a little haphazard, and several spare-time editors came and went in rapid succession. The turning point came when in 1875 Samuel Bamford of Rochdale succeeded Bailey Walker in the editorial chair. The paper was then heavily in debt to the Co-operative Printing Society, and the circulation amounted only to a few thousands. Bamford, who had been actively associated with the educational work of the Rochdale Pioneers' Society, managed to make the *Co-operative News* an open forum for all sections of the Movement and to remain on excellent terms with all the contending groups of which it was made up. This was not an easy task at a time when the rival advocates of producers' and consumers' control were waging battles royal ; when the Movement was in the thick of the crisis caused by the collapse of the Industrial Bank and the greater part of the ambitious productive ventures launched in the early 'seventies ; and when the question of the "bonus to labour" was causing acute divisions in both the wholesale and the retail Societies. Bamford remained editor right up to his sudden death, in his fifty-second year, in 1898 ; and by that time the *News* had reached a circulation of about 50,000 copies a week. He was not afraid, on occasion, to speak his mind ; but he was in general a cautious editor, careful not to commit the paper to support of any particular section of the Movement, while giving the lion's share of space and attention to the affairs of the developing Consumers' Societies. His declared principle, said Benjamin Jones in an obituary notice, was that of steering a straight course between all parties in the Co-operative world, and not taking sides or behaving as a partisan. His declared motto was : "In things essential, unity ; in things doubtful, liberty ; in all things, charity." When the time came he gave valuable support to the Women's Co-operative Guild, of which his daughter became one of the leading members. He gave the women Co-operators that "Women's Corner" of the *News* which, as we shall see, helped to bring the Guild into existence. He also took an active part in the practical work of the Co-operative Union, serving for many years as secretary to the North-Western Section. When he died, his son, W. H. Bamford, succeeded him as editor, and the traditions of the paper continued unchanged. For a long time its position as the organ of the Co-operative Movement remained unique. G. J. Holyoake's later journalistic ventures dealt only incidentally with Co-operative affairs ; and William Openshaw's *Metropolitan Co-operator*, which ran from 1876 to 1897, was not a rival but rather a complementary agency for spreading the message of Co-operation in the London area. There was more rivalry when in 1894 the Scots decided to re-establish the *Scottish Co-operator* as a separate journal ; for the *Co-operative News* had aimed from the outset at giving attention to Scottish as well as English affairs. But the *News* continued to circulate to a substantial extent in Scotland ; and friendly relations were built up between the

two papers, which came finally in 1920 under the common control of the National Co-operative Publishing Society, an amalgamation of the English Newspaper Company with the parallel Scottish body.

While the Co-operative Movement was thus consolidating itself and extending its influence on the consumers' side, Producers' Co-operation lay prostrate under the weight of the widespread failures of the later 'seventies. The statistics of the Co-operative Congress for 1882 record the existence of only twenty Producers' Societies of all types, together with ten Flour-milling and Baking Societies, mostly of a federal character, and the then few productive departments of the Wholesale Societies. These twenty Societies had a total turnover in 1882 of only £356,000; and of this £63,000 was accounted for by Greening's Agricultural and Horticultural Association and £52,000 by the Cobden Mills at Sabden, which were only on the borderline of the Co-operative Movement. The only other bodies which recorded sales in excess of £10,000 were the Hebden Bridge Fustian Society (£20,600), then and later the most successful of the Producers' Co-operatives; the Lancashire and Yorkshire Productive Society at Littleborough (£16,400); and the Paisley Manufacturing Society (£11,900)—all in the textile trades. The Co-operative Printing Society, owned mainly by the Consumers' Movement, was presumably not counted as a Producers' Society.* All the rest were very small, mostly with a turnover of a few thousand pounds, whereas the ten Flour-milling and Baking Societies had a combined turnover of over £1,250,000. The value of the goods produced in the C.W.S. factories was still under £150,000: so that what had occurred up to 1882 was rather a collapse of all kinds of Co-operative Production, except in flour-milling, than any considerable transfer from producers' to consumers' control.

The advocates of Producers' Co-operation remained undiscouraged by these unfavourable conditions. As trade recovered from the slump of the late 'seventies they began to work for a revival and to renew their agitation at the Co-operative Congress. In 1882, in the hope both of strengthening the existing Producers' Societies and of helping to create new ones, they brought into existence the Co-operative Productive Federation, with the double purpose of acting as a central business agency for the hitherto largely isolated Societies and of conducting propaganda for the extension of the Movement. Among the founders of the C.P.F. were Neale and Greening; Joseph Greenwood, the popular and successful manager of the Hebden Bridge Fustian Society; George Newell, of the Leicester Hosiery Society; and J. Lambert, of the Airedale Manufacturing Society at Bradford. The following year the leading advocates of Producers' Co-operation set up in London the Co-operative Aid Association, which lasted until

*The C.P.S. has never been eligible for membership of the Co-operative Productive Federation because, though it admits employees to membership and allows them to vote, and also pays bonuses on wages, it does not provide for their representation on its committee.

1891 and spent much energy in endeavouring to set up Producers' Societies in the South, whereas the strength of the C.P.F. lay at first in the North and later mainly in the East Midlands. In 1884 this same group persuaded the Co-operative Union to establish a Productive Committee to attend to the affairs of Co-operative Production; but this committee, rent asunder by the controversy between the advocates of producers' and consumers' control, did little and was deeply disappointing to those who had pressed for its establishment. In the same year the same group of enthusiasts, reinforced by a number of middle-class supporters, also set up the Labour Association, a propagandist body designed to press both upon the Co-operative Movement and upon employers generally the claim of labour to participation in the profits and in the control of industry. The Labour Association, of which Henry Vivian was secretary for many years, spent the first years of its life largely in fighting a losing battle with the C.W.S. and with the retail Consumers' Societies in support of the "bounty to labour" system. When the C.W.S. finally rejected this system in 1886 the battle was in effect lost; for though the S.C.W.S. continued to share profits with its employees until 1914,* the lead of the C.W.S. was very widely followed not only by the local Consumers' Societies but also by many productive Societies which had come mainly under federal consumers' control. Mr. D. F. Schloss, in his official *Report on Profit-sharing* published by the Board of Trade in 1894, reported that only a quite small proportion of the retail Societies paid any bonus on wages, and that the system had even been given up in a number of the Productive Societies which had formerly practised it.

Defeated in this field of action, the Labour Association in practice turned mainly into a body for promoting schemes of co-partnership and profit-sharing in ordinary capitalist industry. It did not entirely sever its connections with the Co-operative Productive Societies; but in the main it left them to be cared for by the Co-operative Productive Federation. In 1903 the change of purpose was formally registered by a change of name. From 1894 the Labour Association's official organ has been called *Labour Co-partnership*, and in 1903 the Association became the Labour Co-partnership Association, supported mainly by firms which were operating schemes of profit-sharing or co-partnership in their factories. The Labour Association thus passed out of the range of the Co-operative Movement; but in its early years, under Vivian's leadership, it was a powerful auxiliary of the C.P.F. in bringing new Producers' Societies into being, and had considerable Trade Union connections, most of which it subsequently lost.

The Co-operative Productive Federation, however, became the effective rallying point for the new growth of Producers' Co-operation

* Strictly, until 1922, as bonuses to pre-1914 employees were continued until then.

which began in the 'eighties and continued through most of the 'nineties, with a further spurt in the first few years of the present century. The number of Producers' Societies in 1882 was, as we have seen, at most twenty, even including several doubtful examples. By 1892 the Royal Commission on Labour was able to discover forty-six, and in the following year the official records show seventy-seven. By 1903—the peak point—the number had risen to 126. The same year the number of retail Consumers' Societies also reached its peak—1,455.

The principal figure in the Co-operative Productive Federation during its most successful years was Thomas Blandford (1861-1899). Blandford joined the Labour Association in 1885, and was the means of bringing Henry Vivian into its ranks. Blandford became its president, and took a leading part in organising the Co-operative Festivals Association, which held its first annual festival at the Crystal Palace in 1888. At successive Crystal Palace festivals, and at the similar festivals which were organised in the North of England from 1890, in the Midlands from 1893, and in Scotland from 1895, he arranged exhibitions of the work of the Producers' Societies ; and he conducted a tireless propaganda through the country in support of the Producers' Movement. In 1894 he became secretary of the Co-operative Productive Federation, and at once addressed himself to strengthening its work on the financial and business side. In particular, he instituted the loans fund, designed to help Producers' Societies in need of capital assistance, and induced the Trade Union Movement, of which he was a strong supporter, to revive its interest in Co-operative Production, which had languished since the failures of twenty years before. Blandford's personal popularity and the general recognition of his selfless idealism did a great deal to put the movement for Producers' Co-operation firmly on its feet. In these efforts he wore himself out. His health, never robust, broke down ; and, returning to work too soon, he died in the influenza epidemic of 1899. The Co-operative Congress has commemorated his work by the establishment of the Blandford Congress Memorial Fund.

The old centres of Producers' Co-operation had been in the North of England, and the principal industries affected by it had been textile production, coal, and engineering. The ventures in coal and engineering had almost uniformly failed, whereas some of the textile Societies, such as the Hebden Bridge Fustian Society started in 1870, had met with durable though limited success. The reason for this difference of fortune is not far to seek. The successful textile Societies which retained a Co-operative character were those which were able to find assured markets for their products in the Consumers' Societies ; whereas the colliery and engineering Societies had to look mainly to outside markets. Moreover, the need for capital and the handicap on small-scale production were greater in coal and engineering than in

many branches of the textile trades. Even so, the success of Producers' Co-operation had been very limited in the textile sphere ; and, as we have seen, many of the bodies which started with broadly Co-operative aspirations had degenerated into ordinary joint stock concerns with a large number of shareholders, while others had become in effect federal Societies mainly owned by groups of retail Stores. This was largely due to the need for more capital, even for textile production, than could be secured unless the Stores were prepared to invest ; and in practice such investment often ended in converting the Societies which received it from Producers' Societies into mainly federal bodies under consumers' control.

The C.P.F. was determined, if it could, to prevent a repetition of this process. Its leaders were well aware that they could not manage without outside capital, and that the Consumers' Movement was the main source from which such capital would have to be drawn, though they hoped that the Trade Unions would supply some of it. In these circumstances they saw the best hope of securing a reasonable measure of producers' control in meeting the claims of the suppliers of capital half way by offering them a fair representation on the directing boards, and in formulating clear principles to govern the representation of the workers on these boards and the methods of dividing the profits and accumulating employee-owned share capital. Most of the Societies which grew up under the aegis of the C.P.F. were neither pure self-governing workshops—a type of which the inherent instability had been sufficiently shown—nor Federal Productive Societies really controlled by the Consumers' Societies which supplied most of the capital. They were something betwixt and between—near enough to the Consumers' Movement to rely on it for a large part of their custom, with enough of the self-governing workshop about them to give the employees a feeling of “self-employment,” and with a balanced constitution which put enough power into the hands of their managers to give them a reasonable chance of making good. There were indeed many variations of type among the newer Producers' Societies, and there were always a number of weaker brethren among them. But in general they were much more firmly rooted, and more essentially Co-operative, than most of those which had gone before them.

The stronghold of this new movement came to be neither the North nor London, where the propagandist efforts were at first largely concentrated, but the East Midlands ; and the boot and shoe industry was the sphere of its most extensive success. The main reason for this was that in the 'eighties and 'nineties the boot industry was passing through a technical revolution which was converting it from a workshop trade into a factory trade based on elaborate power-driven machinery. This technical revolution was accompanied by many strikes, and aroused much hatred among the skilled workers,

who detested the new factory conditions ; and several of the new Producers' Co-operatives were the outcome of strikes. They came into being mainly among the highly skilled workers making men's boots, which did not lend themselves so easily to the new methods as the lighter women's and children's wear. There was a good market in the Consumers' Co-operative Movement for strong workmen's boots ; and the Producers' Societies set out to maintain high standards of quality and durability, and to establish the reputation of their products by branded trade marks and by building up close relations with the retail Stores which became their principal customers. By 1897 there were twenty Producers' Societies making boots and shoes, with a collective turnover of £166,000, and by 1900 total turnover had risen to £260,000. Most of these Societies were small, the largest, at Leicester, having a turnover in 1900 of £47,000, and the next largest, at Kettering, one of £41,000.

The development of Producers' Co-operation in the 'nineties was not confined to the boot and shoe industry. It extended also to the clothing trades, to printing, and to a number of other branches of fairly small-scale manufacture. Considerable as it was in relation to earlier achievements, it did not keep pace with the growth of Co-operative Production under consumers' control. In 1900 the five surviving Corn Mill Societies had a combined turnover of nearly £820,000, and the United Baking Society of Glasgow alone a turnover of £334,000. The C.W.S. was producing in its own factories to a value of over £2,600,000, and the S.C.W.S. to a value of £1,460,000. These figures to some extent exaggerate the real differences ; for the Producers' Societies on the whole added in manufacture to the materials used a higher proportion of the selling value than either the Wholesale Societies or the federal Corn Mills. But the fact remains that Producers' Co-operation was still only a small movement even after the fillip given to it by the activities of the C.P.F. The C.W.S. leaders and the leaders of most of the retail Societies were mainly interested in extending not Producers' but Consumers' Co-operation ; and the area over which the method of Producers' Co-operation could be effectively applied was small, being practically confined to trades which (a) used a high proportion of skilled labour, (b) did not need very expensive capital equipment and could be carried on economically on a fairly small scale, and (c) could market most of their products through the Consumers' Societies.

For co-partnership the potential field was of course very much wider. But not many capitalist employers were disposed to embark on co-partnership schemes on the lines advocated by the Labour Association, which insisted that any scheme of real co-partnership must satisfy three essential conditions. It must give the worker a share in profits ; it must accord him the right to become a shareholder ; and it must concede the right to take part in the manage-

ment. Many firms which were ready to grant their workers a share in profits in the hope of eliciting a "team-spirit" of loyalty to the business flinched at one or other of the two remaining conditions. Some refused the right of shareholding, while others hedged it round with conditions which deprived the employee-shareholder of equal rights with others; and many either refused to concede any right to share in the management or got round the difficulty by claiming to nominate the employee who should represent his fellow-workmen on the board, or by making the right go by seniority instead of democratic election. Profit-sharing of a sort flourished most in the gas companies, where it was made easier by the existence of the "sliding scale," that is, of a legal requirement that prices to the consumers should be reduced *pari passu* with any increase in the dividends distributed to the owners of the capital. This sometimes meant that the shareholders could share profits with the employees at little or no cost to themselves, the bonus being in effect paid by the consumers. Moreover, some of the gas companies deliberately resorted to profit-sharing and co-partnership schemes as a means of keeping out Trade Unionism, which from 1889 onwards was spreading rapidly in the public utility services.

In industry as a whole, seventy-nine profit-sharing schemes were started between 1881 and 1890, seventy-seven between 1891 and 1900, and eighty between 1901 and 1910. Of the 156 schemes started between 1881 and 1900, only thirty-six were still in existence in 1919, when the Ministry of Labour made a report on them. As against this, sixty-four of the schemes started between 1901 and 1910 were still working; but many of these perished during the next few years. Of all the schemes known to the Ministry of Labour in 1919 no fewer than forty were in the gas industry, and thirty-six of these were still working, whereas out of a total of 540 schemes in other trades no fewer than 198 had been given up. The total number of employees covered by all existing schemes was under a quarter of a million.

Such particulars are relevant in a book dealing with Co-operation only because of the historical connections. For many of the supporters of Co-operation in the Victorian era the "bounty to labour" rather than anything else was regarded as fundamental. These supporters hoped to humanise and liberalise the relations between employers and workmen rather than to get rid of these relations altogether. They did not greatly distinguish between a Co-operative Society which accepted the "bonus to labour" and a capitalist firm which instituted a system of profit-sharing and co-partnership. They regarded the Consumers' Stores rather as mutual thrift agencies and as means of marketing the goods produced by co-partnership firms and Producers' Societies than as forerunners of an alternative economic system based on consumers' control and the elimination of private profit. They were social reformers, not Socialists of any sort; and

the idea of co-partnership particularly appealed to them because it held out the prospect of amending capitalism without doing away with it.

While the advocates of Producers' Co-operation and Labour Co-partnership were thus active, the Consumers' Movement was advancing steadily. In 1874 J. T. W. Mitchell of Rochdale succeeded James Crabtree as chairman of the Co-operative Wholesale Society, and under his strong hand its activities were rapidly developed. He remained chairman right up to his death in 1895 ; and it was largely due to his personal influence that the " federal " principle of consumers' control came to be the accepted doctrine of the main body of the Movement. Often at loggerheads with Holyoake, Greening, Hughes, and the other advocates of the " bonus to labour " and the development of Co-operative Production by means of independent Societies under producers' control, he was able to impress his personal philosophy of Co-operation upon the Movement, and to win for himself a position of recognised leadership. During the years of his chairmanship the affiliated membership of the C.W.S. rose from 198,000 at the beginning of 1875 to over 900,000 in 1895, and net sales from just under £2 millions to £10 millions. He, with Abraham Greenwood, who left the chairmanship in 1870 and later became manager of the C.W.S. Banking Department, steered the C.W.S. through the difficulties of the later 'seventies, when many of the retail Stores as well as most of the Producers' Societies got into serious trouble. Greenwood's reign outlasted Mitchell's by three years. Retiring in 1898, he lived on until 1911. Mitchell and Greenwood did not always see eye to eye. Greenwood favoured the " bonus to labour " and had close associations with the advocates of Producers' Co-operation. But the two worked closely together, and when their ideas clashed and Mitchell prevailed, Greenwood could be relied on to execute faithfully the policies upon which the Movement had democratically resolved.

These two were the outstanding figures in the C.W.S. and the leading representatives of the Store Movement. Under their auspices the C.W.S. steadily extended its trading business both at home and abroad. In 1876 it made its first venture into shipowning with the purchase of the *Plover*—the small beginning of what had become by the end of the century a considerable merchant fleet. The first overseas depot, at New York, was opened in 1876, and was speedily followed by others at Rouen (1879), Copenhagen (1881), Hamburg (1884), Aarhus, in Denmark (1891), Montreal (1894), Goteborg (1895), Denia, in Spain (1896), Sydney (1897), Odense, in Denmark (1898), and other centres. The tea department, the beginning of direct trade with the Far East, was begun in 1882 ; and in this and other connections close arrangements for joint working were developed with the S.C.W.S. There was also a steady development of productive

activities under C.W.S. auspices, despite the criticisms advanced by the producers' school of Co-operators. Production of boots and shoes was begun at Heckmondwike in 1880, cloth-making at Batley in 1887, cocoa and chocolate production in London in the same year, manufacture of clothing at Leeds in 1890, corn-milling at Dunston-on-Tyne in 1891, more boot production at Enderby in 1888 and at Leicester in 1891, cabinet-making at Broughton in 1893, more soap manufacture at Irlam in 1894, tailoring at Broughton in 1895, and a good many more. Some of these ventures were launched only after considerable friction with existing producers' or "federal" Societies. The claims of the federal Flour Mills had long held back the C.W.S. from embarking on flour-milling; and there was much questioning when in 1895 the C.W.S., which had hitherto put out its printing orders to the Co-operative Printing Society, decided to establish a printing department of its own—the more so because the Printing Society had suffered a similar blow in 1887, when the Co-operative Newspaper Company had decided to set up its own works for the production of the *Co-operative News*.

The new C.W.S. factories, though numerous, were not for the most part at the outset on a large scale; and, as we have seen, the value of goods produced in them was, even at the end of the century, still quite a small proportion of the total trade done. There were, moreover, tactical reasons why the C.W.S. felt it necessary to disperse its productive enterprises over a wide area in order to satisfy the claims of the Societies attached to branches in different parts of the country. The S.C.W.S., on the other hand, was able to follow to a greater extent a policy of consolidated development. This began in 1887—largely under the influence of William Maxwell, the greatest leader of Scottish Co-operation—with the purchase of a large site at Shieldhall, on the edge of Glasgow, where it proceeded to erect in succession a number of factories for various kinds of manufacture. The S.C.W.S. had first embarked on production with shirt-making in 1881—a deliberate attempt to invade a notoriously sweated trade. A tailoring factory had followed in the same year; and cabinet-making had been started in a small way in 1884. Then came a boot factory in 1885, and a hosiery works in 1886. So far the S.C.W.S. had set up its productive establishments on scattered sites chosen for each particular venture; but in 1887, after considerable debate, the Society raised the capital for acquiring twelve acres of land at Shieldhall and erecting thereon a group of productive establishments. On this site were built in turn factories for boots and shoes and workmen's clothing; a tannery; cabinet works; a brush factory; jam works; confectionery works; a mantle factory; tobacco works; coffee works; printing works; chemical works; an engineering shop; tinware works; pickle works; and other buildings. There were also some developments elsewhere—

flour-milling at Leith, a soap works at Grangemouth, a farm establishment at Carbrook, creameries in Wigtownshire, and so on. In addition the S.C.W.S. took over from the Scottish Tweed Manufacturing Society the Ettrick Mills at Selkirk, developed its own depots in Ireland, started fish-curing at Aberdeen, and embarked on a number of other productive ventures. In relation to the size of its affiliated membership the S.C.W.S. pushed on a good deal faster with production than the C.W.S. in England. Its capital rose from £110,000 in 1880 to £1,676,000 in 1900, and its net sales from £845,000 to nearly £5,500,000. Side by side with it the United Co-operative Baking Society also made notable advances, with sales rising from £32,000 in 1880 to £332,000 in 1900.

The growth of Co-operative membership in the retail Stores was also very rapid during this period. Total membership of the local distributive Societies rose from 547,000 in 1881 to 1,707,000 in 1900 ; and there emerged for the first time a number of really large Societies covering a big proportion of the total retail trade of their respective towns. In 1880 there were but three retail Societies with a membership in excess of 10,000—Leeds (18,430), Manchester and Salford (11,092), and Rochdale (10,613). By 1900 there were ten in Lancashire, seven in Yorkshire, four in Northumberland and Durham, four in Scotland, two in the Midlands, two in Greater London, and one (Plymouth) in the South-West. There were still none in Wales approaching this size. At both dates Leeds was much the largest Society, with a rise to 48,000 in 1900. Next to it came, in 1900, Bolton (26,448), Plymouth (25,653), and St. Cuthbert's, Edinburgh (24,392). No other Society reached 20,000. In general, the rate of growth of the old-established Societies had been much slower in Lancashire—the old stronghold—than elsewhere. The Rochdale Pioneers rose only from 10,613 in 1880 to 12,764 in 1900, and Manchester and Salford only from 11,092 to 14,280. This was partly due to localism and to the formation of many new Societies. The growth was much faster in Yorkshire, where, in addition to the very rapid increase of the Leeds Society, Barnsley British rose from 5,830 to 19,193, Bradford from 5,611 to 19,505, Brightside, in Sheffield, from a mere 429 to 13,291, Middlesbrough from 1,520 to 10,276, Halifax from 6,735 to 11,487, and Huddersfield from 5,961 to 12,247. Membership on the North-East Coast had also risen fast. Newcastle-on-Tyne had increased from 3,521 to 17,432, Sunderland from 2,119 to 14,362, Bishop Auckland from 4,856 to 12,299, and Gateshead from 4,091 to 11,819. The Movement was in general still much weaker in the Midlands, where the Leicester Society had risen from 6,358 to 11,013, and the Derby Society from 4,270 to 14,270. In the South-West Plymouth had made a remarkable advance, from 5,154 to 25,653 ; but there was no other really large Society. In London two Societies had begun a

THE TWENTY-FIVE LARGEST CO-OPERATIVE SOCIETIES AT CERTAIN DATES

	1880	1900	1942
1. Leeds.....	18,430	Leeds	London
2. Manchester and Salford....	11,092	Bolton	Royal Arsenal.....
3. Rochdale	10,613	Plymouth.....	Birmingham.....
4. Bury.....	8,594	St. Cuthbert's, Edinburgh ..	South Suburban.....
5. Bolton.....	8,547	Bradford	Liverpool.....
6. Abchurch Lane, London.....	8,000	Barnsley	Leeds
7. Oldham Industrial	7,263	Pendleton	Barnsley
8. Halifax.....	6,735	Newcastle-on-Tyne	Manchester and Salford
9. Leicester	6,388	Royal Arsenal.....	Bristol
10. Huddersfield	5,961	Aberdeen Northern	Plymouth.....
11. Barnsley	5,830	Derby	St. Cuthbert's, Edinburgh ..
12. Bradford	5,611	Sunderland	Derby
13. Oldham Equitable	5,578	Manchester and Salford	Brightside, Sheffield
14. Plymouth	5,154	Oldham Industrial.....	Birkenhead
15. Bishop Auckland.....	4,856	Brightside, Sheffield	Newcastle-on-Tyne
16. Derby	4,270	Kinning Park, Glasgow.....	Leicester
17. Gateshead.....	4,091	Rochdale	Nottingham.....
18. Eccles	3,612	Oldham Equitable	Belfast
19. Newcastle-on-Tyne.....	3,521	Bishop Auckland	Walsall
20. Pendleton	2,267	Huddersfield	Sheffield and Ecclesall
21. Stratford	2,200	Burnley	Burslem
22. Sunderland	2,119	Gateshead	I Hull
23. Preston	1,807	Rury	Aberdeen Northern
24. Royal Arsenal	1,757	Halifax.....	Portsea Island.....
25. St. Cuthbert's, Edinburgh	1,425	Preston.....	Preston.....
	*(26%)...145,721	*(25%)...424,727	*(36%)...3,210,001

* Of total membership of all retail Societies.

secure process of development. The Royal Arsenal Society had increased its membership from 1,757 to 17,146, and the Stratford Society from 2,200 to 9,584. Finally, in Scotland, St. Cuthbert's at Edinburgh had risen to first place, with a growth from 1,425 to 24,392. Aberdeen Northern had fallen to second place, with a rise from about 8,000 to 17,066. In Glasgow two Societies had outstripped the rest, Kinning Park increasing from a mere 300 members to 13,041, and Glasgow St. George from 106 to 11,217.

In 1880, and again in 1900, nine out of the twenty-five largest Societies were in Lancashire, and five, rising to six in 1900, in Yorkshire. Four, at both dates, were in the North-East ; and Scotland had two in 1880 and three in 1900. Thus the North accounted for twenty out of the twenty-five largest Societies in 1880 and for twenty-two in 1900. In terms of membership, in 1900 out of a total Store membership of about 1,700,000 the seven Northern Counties accounted for 950,000 and Scotland for another 280,000, leaving well under half a million for all the rest of the United Kingdom. Of these about 200,000 were in the Midland Counties, about 75,000 in the West and South-West, and about 45,000 in the Eastern Counties. Greater London had about 30,000, and the rest of the Southern Counties about 75,000. All Wales had only 30,000, and Ireland a mere 2,000. Lancashire, with over 400,000 Co-operators, and Yorkshire, with about 325,000, easily headed the list of counties. In 1880 the twenty-five largest Societies included about 26 per cent of the total membership ; in 1900, about 25 per cent. There had been no process of consolidation into larger Societies that was not offset by the foundation of new ones. But by 1942 the twenty-five largest Societies had 36 per cent of the total membership.

XII.

THE WOMEN'S GUILD

In 1883, the year following the foundation of the Co-operative Productive Federation, came the establishment of the Women's Co-operative Guild*—called at first the Women's League for the Spread of Co-operation. This was a period in which there was beginning a great awakening of progressive movements and ideas. The Democratic Federation, the starting-point of modern Socialism in Great Britain, had been founded in 1881: Joseph Chamberlain and Charles Dilke were in Gladstone's Government at the head of a strong Radical contingent: a far-reaching measure of parliamentary reform, extending the vote to the main body of the workers in the country districts, was on the way. Thomas Davidson, "The Wandering Scholar" from Scotland, was gathering round him a body of disciples who formed "The Fellowship of the New Life," from which a little group of intellectual Socialists broke away in 1884 to found the Fabian Society. William Morris, the great poet and artist, had been converted to Socialism, and had joined the Democratic Federation—or rather the Social Democratic Federation, as it had by then become. Charles Bradlaugh, seated in Parliament after many rejections on account of his atheism, was vociferating for a British Republic. There were troubles in Ireland, and an insurgent movement was gaining ground among the Scottish crofters, who at the General Election of 1885 sent two of their own men to Parliament for Highland seats. Radical ideas were in the ascendant: land reform was in the air after the stimulus given by lecturing visits from the famous American land reformer, Henry George. There was a feeling of great events to come: Chamberlain was proclaiming the doctrine of a "ransom" owed by the possessing classes to the poor; the deep depression of 1879 was forgotten, and industrial conditions, thanks largely to the cheapness of food, were on the mend. No one supposed that by 1886 the country would be back in a condition of trade stagnation, or that Joseph Chamberlain was on the eve of breaking with the Radical Party, which he had created, and of going over to the Tory side on the issue of Irish Home Rule.

Women, as well as men, felt the stirrings of the early 'eighties. As a sequel to the efforts of the pioneer advocates of the rights of women in professional and public life there were the beginnings of a suffrage movement, and in a number of areas women were beginning to play a part in local government affairs. It was coming to be seen as a particular anomaly that women, the housekeepers and

* The name Women's Co-operative Guild was adopted in 1884 at the suggestion of Miss Greenwood, the daughter of Abraham Greenwood.

shoppers of the nation, should allow the great Consumers' Co-operative Movement to be run exclusively by men. There had been, indeed, from the beginning no ban on women as members of the Co-operative Societies ; and a woman, Ann Tweedale, had actually played some part in the foundation of the Rochdale Pioneers. But for a long time few women attended the Quarterly Meetings, and in most cases the man, and not the woman, was the Co-operative member and received the Co-operative dividend. The Married Women's Property Act, in its first very limited form, was not passed until 1870, or amended until 1881 ; and among Co-operative shareholders men were in an overwhelming majority. It was almost unheard-of for a woman to be elected to any position in the Co-operative Movement. But there were a few ardent women Co-operators who were not satisfied with this inferior status ; and in 1883 they at last got the beginning of a chance.

The women owed their first opportunity to Samuel Bamford, the enlightened editor of the *Co-operative News*. At the beginning of 1883 he agreed to start a "Women's Corner" in the paper ; and Mrs. Acland, wife of Arthur Acland, the Liberal leader, who was from first to last a firm friend of the Co-operative Movement, agreed to take charge of it. She went straight to the point with her very first article. She wrote: "What are men always urged to do when there is a meeting held at any place to encourage or to start Co-operative institutions? Come ! Help ! Vote ! Criticise ! Act ! What are women urged to do ? Come and *Buy* ! That is the limit of the special work pointed out to us women. We can be independent members of our Store, but we are only asked to come and buy . . . Why should not we women do more than we do ? Surely, without departing from our own sphere, and without trying to undertake work which can be better done by men, there is more for us women to do than to spend money. Spend our money at our own Store we must, that is a matter of course ; but our duty does not end here, nor our duty to our fellow creatures. To come and ' buy ' is all we can be *asked* to do ; but cannot we go further ourselves ? Why should not we have our meetings, our readings, our discussions ? "

This modest appeal, bearing the stamp of the period at which it was written, elicited more than one response. Among the letters which Mrs. Acland received and printed in the "Women's Corner" was one—signed "M.L., Woolwich"—from Mrs. Mary Laurenson of the Royal Arsenal Society, urging the formation of a women's organisation within the Co-operative Movement. Mrs. Acland seized her chance ; and at the annual Co-operative Congress in June, 1883, the Women's League for the Spread of Co-operation was formally launched with a membership of fifty and a subscription of 6d. a year. Its aims were carefully drawn to avoid shocking male susceptibilities.

* But see page 183

The League was to set out "to spread a knowledge of the advantages of Co-operation; to stimulate amongst those who know its advantages a greater interest in the principles of Co-operation; to keep alive in ourselves, our neighbours, and especially the rising generation, a more earnest appreciation of the value of Co-operation to ourselves, to our children, and to the nation; and to improve the conditions of women all over the country."

Even this disarming list of objects did not avail to prevent opposition. The "Women's Movement" was not popular in 1883; and many old Co-operators saw in the League a dangerous innovation and an attempt to stir up the wives against their husbands. But the pioneers persisted, and in September were able to record the formation of the first W.C.G. branch—at Hebdon Bridge. Rochdale, with Abraham Greenwood's daughter as secretary, followed in November, and Woolwich, with Mrs. Laurenson as secretary, before the end of the year. Further branches, in Coventry and in the London area, were formed early in 1884, and that year Mrs. Acland gave up the secretaryship to become president. Miss Eleanor Allen (later Mrs. Redfearn) became secretary, and Miss Greenwood vice-president. Among Co-operative leaders who gave strong encouragement to the movement were, besides Abraham Greenwood, Edward Vansittart Neale, Benjamin Jones, the London manager of the C.W.S., whose wife was an active guildswoman, and Samuel Bamford of the *Co-operative News*.

At first the Guild grew slowly. Mrs. Laurenson became secretary in 1885, and in the following year, when the first delegate meeting was held to draw up rules for branch work, the Co-operative Union made its initial grant in aid—a mere £10. It was regarded as a victory for the women's cause when Mrs. Laurenson was elected to the Education Committee of the Royal Arsenal Society in 1885, and as a further victory when in 1888 the Southern Section of the Co-operative Union recognised the Guild and granted it representation on its newly formed educational council. Gradually women began to make their appearance on Co-operative Education Committees and to play some part in Quarterly Meetings. But progress was slow until in 1889 Margaret Llewelyn Davies, daughter of a Christian Socialist clergyman who had played an active part in the Working Men's College, became secretary of the W.C.G. and began at once to infuse a new vigour into its work.

The Women's Guild was fortunate from the very outset in the quality of those who were attracted to it in the spirit of unpaid service. On the one hand it secured the devoted help of a succession of highly educated women—from Mrs. Alice Acland to Miss Honora Enfield—who saw in it an ideal instrument for carrying to the working-class housewives the message of the movement for the emancipation of women and for helping such women to win self-confidence and the

habit of acting together in matters which touched them nearly in their every-day lives—the most realistic of all forms of political and social education that can be imagined. On the other hand, the Guild met with a ready response among working-class women—especially married women—who had been brought up in Co-operative households but had hitherto found almost no outlet for their energies in Co-operative work. It attracted the wives and daughters of a number of Co-operative leaders—Mrs. Laurenson, of Woolwich; Miss Greenwood, daughter of Abraham Greenwood; Miss Bamford (later Mrs. Bamford Tomlinson), daughter of Samuel Bamford; Mrs. Jones, wife of Benjamin Jones; Miss Holyoake (later Mrs. Holyoake Marsh), daughter of G. J. Holyoake; and many others. It owed much to the patient work of Catherine Webb, editor of *Industrial Co-operation*, so long the standard textbook of the Co-operative educators; of Miss Allen (later Mrs. Redfearn), and of Miss Spooner. And presently it began to produce its own leaders out of its local Guilds and to send them on to posts of high service in other parts of the Movement. Mrs. Gasson, Mrs. Eleanor Barton, and Mrs. Cottrell—the first woman director of the C.W.S.—are among the many women later prominent in Co-operative leadership who served their apprenticeship in the Women's Guild. It is impossible to record the names of the hundreds of women whom the Guild trained for work of major importance both in the Co-operative field and in every cognate branch of social and political service.

This great achievement cannot of course be attributed to any one person, however outstanding. There can, however, be no doubt that Margaret Llewelyn Davies had a very great share in it, or that her decision to devote her entire life to the women's side of the Co-operative Movement was a turning-point in Co-operative history. In personal quality and in disinterested idealism, Margaret Llewelyn Davies is, to my thinking, by far the greatest woman who has been actively identified with the British Co-operative Movement. From the moment when she assumed control of the affairs of the Women's Guild it began to become a really powerful progressive force. She was by no means content that the Guild should act merely as an auxiliary agency for Co-operative propaganda. She meant to make its influence felt, and to inspire the women to take the lead in Co-operative progress instead of following tamely in the wake of the existing leaders. Aided by her lifelong friend, Lilian Harris, she induced the Women's Guild to enter actively into Co-operative politics and to take up in succession a number of large projects of Co-operative and social reform. The W.C.G. took the lead in pressing for the adoption of measures designed to extend the appeal of Consumers' Co-operation to the poorer section of the wage earners, who had been almost wholly outside its range. The W.C.G. espoused the cause of the Co-operative employees, then only beginning to organise in Trade

Unions, and pressed hard for the acceptance by Co-operative Societies of the doctrine of the living minimum wage. The W.C.G. did all it could to stimulate the retail Societies to buy wherever possible Co-operatively produced goods and the Store members to practise Co-operative "loyalty." Moreover, travelling outside the narrowly Co-operative field, the W.C.G. took up the causes of women's suffrage and divorce law reform, and thereby, while adding to its own influence and appeal, involved itself, as we shall see, in serious disputes with the established leaders of the Co-operative Movement.

Under the new leadership the Guild grew steadily from about 500 members in 1886 to 5,000 organised in 100 branches in 1892. By that time it had received a renewed stimulus from the uprising of the less-skilled workers in the dockers' and gasworkers' strikes of 1889 and from the first emergence of a women's Trade Union Movement under the auspices of the Women's Trade Union League, with which it speedily established cordial relations. From 1890 the Guild began setting up its own sectional councils parallel to the organisation of the Co-operative Union, with which its local activity was meant from the first to be closely intertwined; and this divisional machinery of conference and administration, which was gradually extended over the whole country, was invaluable in training women Co-operators in the arts of committee work, public speaking, and democratic administration. From the first the Guild encouraged its members to follow closely the proceedings of their local Societies and of the federal bodies in the districts and sections of the Co-operative Union, in order that they might be able to take a fuller part in every aspect of the Movement. It actively took up educational work, encouraging its branches to form study groups for discussion and circulating regular notes and directions for the guidance of its local adherents. It also engaged keenly in educational work among the Co-operative youth, and did much to stimulate a more active educational policy in the retail Societies. At a time when there was, in the working-class movement, practically no other agency appealing to the great army of housewives, or offering any opportunity for the training of women in the arts of democratic self-expression, the Guild performed a service of which it is impossible to overestimate the value. It sowed the seed of which the harvest was reaped later by the Trade Unions catering for women workers, by the Independent Labour Party, and by the women's sections of the local Labour Parties, as well as by the Co-operative Movement.

Up to 1892 the Women's Co-operative Guild always held its annual gatherings in connection with the annual Co-operative Congress, and relied for its attendances largely on the women present, either as delegates or accompanying their husbands, at this Co-operative event. But thereafter the Guild decided to hold a separate annual conference of its own, attended by delegates from as many

as possible of its branches and designed to serve a directly educational purpose. The number of delegates at these Guild Conferences went on increasing steadily from year to year ; and their effect was very great. There the women Co-operators learned to speak before large audiences, to regard themselves as active pioneers in a great progressive movement, and not to be afraid of possessing and expressing controversial opinions of their own. From 1894 the Guild began to send round the branches its own itinerant lecturers and missionaries, of whom Catherine Webb and Miss Mayo, of Berry Brow, were the pioneers. Miss Llewelyn Davies pressed hard for a more active and comprehensive policy of Co-operative education, and was largely responsible for the setting up at the Woolwich Co-operative Congress of 1896 of a committee to inquire into the educational work of the entire Movement.

In 1884, while the Guild was still in its infancy, such developments had seemed far away. The first leaders had even thought it necessary on grounds of expediency to discourage public speaking by Co-operative women for fear of arousing too much hostility. This ban was soon modified ; and the Guild came first into the field of public controversy with its campaign for " Open Membership," designed to induce the Movement as a whole to encourage wives as well as husbands to become members of the Stores and to take an active part in their government. By 1889 there were forty-two women sitting on Education Committees of Co-operative Societies, and by 1891 the number had risen to seventy-three ; but there were still only six women recorded as having won seats on Committees of Management. An inquiry about this time revealed that there were about 100,000 women among the million shareholders in retail Co-operative Societies. Of the 6,000 Guild members, about 1,000 were shareholders : there were still many Societies which would not allow more than one member of a household to become a shareholder.

The South of England, where Co-operation was relatively weak, was quicker in opening the door wide to the women than the industrial North. The Southern Societies were for the most part relatively young, and for that reason more accessible to new ideas than many of the old-established Societies in the North. Co-operation in the South was still the creed of a small progressive minority : it had not, save here and there, yet had to face the social consequences of success in enrolling a large cross-section of the entire local population. In 1893 Mrs. Laurenson, and the following year Miss Catherine Webb, were elected as members of the Southern Section of the Co-operative Union's Central Board ; but it was not till 1917 that a woman was elected to a similar position in the Midlands, and still later that women found their way to office in other areas. No woman was chosen as a director of the Co-operative Wholesale Society until Mrs. Cottrell

of the Ten Acres and Stirchley Society (Birmingham) won this high Co-operative honour shortly after the first world war.

Meanwhile in the 'nineties the W.C.G. followed up its campaign for "Open Membership" by taking up the question of credit, against which it waged vigorous war in a campaign in favour of strictly cash trading. From this it proceeded in 1899 to its most challenging effort—a campaign to bring Consumers' Co-operation effectively within the reach of the poorest classes of the people. The Co-operative Stores, with their settled policy of selling only unadulterated goods of high quality at full market prices and of returning their surpluses as dividends to the members, had fairly established their position among the better-paid and more regularly employed sections of the working class and among certain elements in the lower middle classes, but had been quite unable—or rather had made no attempt—to appeal to the low-paid or the casually employed. There had been a tendency in the more prosperous areas even to push up dividends to the extent of raising prices above the ordinary market level; for the existing members were in many cases quite willing to pay more in order to use the Co-operative Society as a convenient agency for saving and investment.

To the leaders of the Guild Movement, such methods appeared to be radically wrong. They regarded Co-operation primarily not as an instrument for the investment of the savings of the better-off wage earners, but as an agency for the social uplifting of the poor. Realising that the poorer consumers could never be reached by the existing methods, they wanted the Societies, without discarding their traditions, to modify them in order to bring in the under-dogs. They denounced the payment of dividends so high as to require the charging of prices above the market level, and called on the Movement to take special steps to establish branch stores in the poorer neighbourhoods. These new branches they wanted to see organised on radically novel lines. The essential demands were for :

- "(1) A People's Store, to supply wholesome food and other articles at cheap prices and in small quantities, to keep people out of debt by cash payments, and enable them to save automatically ;
- (2) A Coffee and Cooked Meat Shop ;
- (3) A Loan Department, taking security in the form of bondmen, bills of sale, or personal property, so as to tide people over inevitable misfortune ; to lend without taking advantage of necessity, to ensure freedom from fraud, and to undermine the habit of weekly pawning ;
- (4) Club Rooms or Settlement, to be carried on by a special propagandist committee or resident workers, so as to attract from the public-house, to bring personal help, and form a centre of Co-operative activity in the district."

These demands startled the Co-operative world, and it was not easy to find any local Society that was prepared to act upon them. Co-operation in its early days had been accustomed to cater for needy hand-loom weavers and factory workers who could afford only the barest necessities of life. But that had been long ago, and in the golden age of Victorianism Co-operation and Trade Unionism alike had become movements representing a relatively prosperous section of the people. Trade Unionism, for a brief time in the 'seventies and again after 1889, had begun to reach down further towards the worse paid and less-skilled workers ; but Co-operation, save here and there, had remained uninfluenced by the new forces. It was a limited democracy—or if you will an aristocracy-- of persons who were proud of being able to pay their own way and were often more than a little contemptuous of those who could not, or were at any rate inclined to let such persons severely alone. It seemed to the typical Co-operator of the 'eighties no part of his Co-operative duty to go "slumming." It was enough that he was prepared to welcome into his Society on equal terms anyone who was ready to conform to its ways and to share, on these conditions, in the benefits it had to offer. The idea of running a Store with a pawnbroker's shop and a Settlement attached to it seemed very strange, and savoured too much of middle-class philanthropy.

The leaders of the Women's Guild answered these critics with a denial that their proposed people's Stores had anything in common with a soup kitchen. The sort of shop and settlement in one that they had in mind could, they were convinced, be made to pay its way, and could be so run as in no wise to interfere with the dividends received by the existing members. It was a question, they said, not of helping the poor with charity, but of making it easier for the poor to help themselves by setting up a new kind of shop specifically designed, on a self-supporting basis, to meet the poor consumers' special requirements. Co-operation, they argued, would be false to its fundamental faith if it simply ignored the claims of the poor or did less than its best to encourage them to support themselves.

The Women's Guild did, however, find supporters. It secured a grant of £50 from the Co-operative Union to pay for an inquiry into the rules of the local Societies in respect of admission of members, dividends, and penny bank clubs ; their price policies ; and the state of the Movement in the poorer quarters of a number of selected towns. What was more important, a local Society was found which was ready to make an experiment along the lines proposed by the Guild.

In 1902 the Sunderland Society opened its Coronation Street Store as a "People's Store" of the kind which the Guild had advocated. The new Store included not only a grocery shop, a butcher's shop, a flour store, and provision for the sale of hot soup at $\frac{1}{2}$ d. and

1d. per cup, but also a miniature "Settlement" with two resident workers. There was a hall for meetings, and provision was made for club activities of various sorts. The shop sold goods parcelled in small quantities on a strictly cash basis: a penny bank was started, concerts were arranged, a library installed, classes held, and a branch of the Women's Guild set up. After a year's work, the experiment seemed to have met with remarkable success. The "People's Store" had met its own costs, including those of the Settlement, and had realised a dividend of 2s. in the £. The Sunderland Co-operators decided to put the new venture on a permanent basis.

Then came disaster. The resident social workers fell foul of the Society's directors, alleging that they were being unduly interfered with. The dispute ended in their resignation; and the directors thereupon recommended to the Quarterly Meeting that the whole affair should be wound up. They carried their point by eighty-two votes to twenty-five: and the Coronation Street Store was converted into an ordinary branch, selling goods on the ordinary terms with no special social activities connected with it. The whole thing was over in less than two years; and deep was the discouragement of the Women's Guild leaders who had laboured hard for its success.

This was a highly significant episode. Miss Llewelyn Davies and her helpers had tried to mingle storekeeping, if not with philanthropy in the ordinary sense, at all events with social service. As things were at Sunderland the two could not be mixed; and it is doubtful if the experiment would have fared better elsewhere. It was foreign to the spirit of the Co-operative Movement as it then was. The trouble was not really that it threatened the members with lower dividends, though this was alleged against it: the real objection was that the directors and the general run of the members who concerned themselves with the matter felt that what was being attempted was outside the province of the Co-operative Movement. It was not "independent"; it was not the sort of self-help they were used to; it savoured too much of soup and blankets—even if the poor *paid* for the soup and blankets! In short they did not like it, even if they could not quite explain why; and accordingly, that particular Guild effort ended in failure. Perhaps it did not entirely fail; for there was some attempt in a number of areas to reach the poorer sections of the working class. But the "Settlement" notion was not taken up again; and in general Co-operation remained a movement of the better-off workers. There had been no change in this respect when the Co-operative General Survey Committee, stimulated by the Women's Guild, again took up during the first world war the question of "Co-operation and the Poor."

From this campaign the Women's Guild turned its attention to others. It gave active support to the cause of women's suffrage, and

organised in 1901 a petition in favour of the vote from the women textile workers of Lancashire and Yorkshire, 31,000 signatures being obtained through the Guild branches. It took up the question of the health of school children, and that of raising the school-leaving age. On this latter issue the Guild leaders met with a setback at the hands of their own members, who, while supporting the abolition of the half-time system, voted down the proposal to raise the leaving age to fifteen. The W.C.G. also concerned itself actively with questions of women's wages, gathering information for the new Labour Department of the Board of Trade, and giving strong support to the efforts of the Women's Trade Union Association (of which Miss Holyoake was for some time the secretary) and the Women's Industrial Council, which had been formed in 1894 as a result of the pioneer work of Clementina Black.

Of even greater practical importance was the campaign launched by the Women's Guild for improving the conditions of Co-operative employment. This was begun in 1896, with a special inquiry into the wages paid to women and girls by the local Co-operative Societies throughout the country. The Amalgamated Union of Co-operative Employees, as we shall see, was already campaigning in favour of a minimum wage scale for male workers employed in the Movement; but the women were almost wholly unorganised, and no claims were at this stage being put forward on their behalf. Another claim urged by the Guild was for early closing in order to shorten the excessively long hours then worked in many of the Stores. These campaigns came to fruition for the most part after the period dealt with in this chapter, and we shall have to come back to them at a later stage. The reason for mentioning them here is to show that the Women's Guild was a notable pioneer in demanding fair conditions for the workers employed by the Co-operative Movement at a time when Trade Unionism was still weak and the conscience of the male Co-operators was still for the most part unaroused to a sense of their social responsibilities in this respect.

The Women's Co-operative Guild was actually launched in Scotland at the Edinburgh Co-operative Congress of 1883. But its activities never extended to Scotland; and it was not until 1889 that the Scottish Co-operative Women's Guild was born, under the leadership of Mrs. McLean, as an independent body. Among its chief achievements were the stimulation of the movement for the establishment of Co-operative Convalescent Homes—a notable feature of Scottish Co-operative development. The two Guilds often worked together; but they remained separate, and the S.C.W.G. never ranged so widely over the field of social reform as its larger neighbour. It did very useful work; but despite its success in enrolling a higher proportion of women Co-operators in its ranks it cannot be said to have played so notable a part in the general

political education of Scotswomen as the W.C.G., under the leadership of Margaret Llewelyn Davies, was able to play in England.

One great result of the Women's Guild's work was the rapid emergence of women Co-operators to a position of influence in the Movement. In 1883, when the W.C.G. was set up, there was hardly a woman in any office or on any committee. The women, where they were members at all, were expected to accept a purely passive role. By 1904, when Miss Llewelyn Davies published her history of the Guild, there had been the beginnings of a really significant change. At the Guild's coming-of-age, a woman, Miss Spooner, was chairman of the United Board of the Co-operative Union. Two women had seats on the Southern Section of the Central Board. Two were on the Union's Education Committee. Eleven were on the Association of Education Committees. There were thirty women on the Management Committees of twenty Societies, and 238 on the Education Committees of 108 Societies. Between sixty and seventy women delegates were attending the divisional meetings of the Co-operative Wholesale Society; and there were sixteen women delegates at the Co-operative Congress. These numbers may seem small by more recent standards; but they represented an enormous advance. The North of England was still behindhand in conceding women a share in the government of the Movement; but even there the old spirit was being broken down. The Guild had taught thousands of women Co-operators how to organise, how to speak, and how not to be afraid of expressing their own opinions. There was still a long road to travel; but the first obstacles—the most formidable—had been successfully overcome.

The spirit of the Women's Guild in its early days can be best recaptured by turning to its two official histories—the first written by Miss Llewelyn Davies and published in 1904 to celebrate the Guild's coming-of-age, and the second written by Miss Catherine Webb and published in 1927. It can be studied also in the two exceedingly graphic volumes in which were gathered together experiences of Guild members of the conditions of working-class life. These books belong to a period beyond that which is covered in the present chapter; but they hark back, and it seems most appropriate to record them here. The first, published in 1915 and edited by Leonard Woolf, a lifelong friend and helper of the Women's Guild, bore the title *Maternity: Letters from Working Women collected by the Women's Co-operative Guild*. It was part of the Guild's campaign, highly influential in the long run though its effects were slow in appearing, for improved national maternity services and better care for the child as well as for the mother. The second volume, *Life as We Have Known it, by Co-operative Working Women*, was edited by Miss Llewelyn Davies and published in 1931. It contains a series of short and most moving autobiographies, followed by a series of

extracts from letters written by Guild members which throw a very clear light both on the living conditions of working women and on the part played by the Guild in educating its members in citizenship and capacity for public affairs. These books were meant for a wide public : side by side with them it is fascinating to read the pamphlets and study-guides issued by the Guild year after year for use in its local branches and to watch the gradual broadening of its activities and the rise in its standards and expectations. In comparison with the activities of other sections of the growing Women's Movement the workings of the Women's Co-operative Guild were always unspectacular and even sedate. There was something about it unhurried and certain of itself, idealistic in a quiet way but always practical, expecting a great deal in terms of human goodwill and readiness to serve, but never too much in terms of intellectual response. The Guild knew the conditions it had to deal with : its leaders understood how small a chance the working-class housewife had been allowed of looking beyond the concerns of hearth and home. It seized on these very things, in which its members had special knowledge and experience, to serve as the foundations of its work. That was the secret of its outstanding success.

XIII.

CO-OPERATORS AND EDUCATION

Education, as we have seen, took a high place among the objects of the early Co-operators. The Owenite Socialists were firm believers in education as an essential instrument for achieving the Co-operative Commonwealth ; and no body of Owenite Co-operators would have dreamed of omitting education from the list of their essential activities. According to Owen's doctrine, character was the outcome of environment ; and of this environment education, or the want of it, formed a very important part. The education in which the Owenite Co-operators believed was education with a purpose—not the mere learning of facts or the acquisition of knowledge, but the mastering of certain ideas and attitudes necessary for healthy conditions of social living. The children, they held, must be brought up in the spirit and understanding of Co-operation as the basis of social well-being—they must be helped to break away from the habits and traditions of the " old, immoral world " and to acquire a mastery of the new social forces which surrounded them and a comradely attitude towards their fellow-men. Similarly, the adults as well as the children must go to school : indeed, the tasks of education were harder among the adults because most of them had so much to unlearn.

The Rochdale Pioneers, whose leaders were mostly good Owenites, were firm believers in education as an integral part of the Co-operative system. Before they had any formal educational department of their Society, " the early Pioneers," Abraham Greenwood tells us, " were in the habit of assembling themselves together after the day's toil was done, in the back room of the old Store, for the purpose of hearing the news of the week." They not only heard the news, but also debated it. " Many and earnest were the discussions held in the ' Owd Weever Shop ' how best to promote human welfare ; schemes for the social redemption from the iniquitous conditions in which the labourer found himself placed." This was education of a quite informal type ; but it soon branched out over a wider field. Newspapers were bought for the use of the members ; and as soon as room could be found by the taking over of the upper floors of the original building this led on to a newsroom and a library, with more formal lectures and classes. Thus the Pioneers continued the educational work which had been begun before 1844 in the Owenite Social Institution.

It was in 1849 that the newsroom was opened and the first Educational Committee chosen by the Pioneers' Society. At first

there was a separate voluntary subscription of 2d. a month to meet the costs of the newsroom ; but the papers and the library were in fact open from the first to all members, whether they paid this special subscription or not. So matters went on until 1852, when the first Industrial and Provident Societies Act was passed, and the Pioneers set to work to revise their rules in conformity with it. At this stage John Brierley, a printer and an early and very active member, made the suggestion that the educational department should be financed by means of an appropriation of $2\frac{1}{2}$ per cent from the trading surplus of the Society. Though there had been opposition to the spending of money on education, this proposal was approved and written into the rules in 1853 ; and thus the standard of " $2\frac{1}{2}$ per cent for education" found its way into the Co-operative Movement. From Rochdale this rule spread to a number of other Societies ; for many new Co-operative Societies copied their rules largely from those of the Pioneers. The educational tradition, taken over from the Owenites, looked like becoming firmly rooted in the practice of Consumers' Co-operation. Indeed it was so rooted that it could never be quite torn up ; but there were difficulties ahead, and Co-operative educational effort for some time languished after the initial impetus had worked itself out.

The Christian Socialists, of course, were ardent educators ; and their influence on the Co-operative Movement was always thrown strongly on the side of educational activity. But as that influence waned there was a growing tendency to push educational work into the background, and even in many Societies to refuse all aid to it from trading funds. Even when something was spent many Societies merely doled out a few pounds at a time by special vote, thus leaving the educational work at the mercy of any Quarterly Meeting at which there was a strong muster of opponents, and making it practically certain that education would be the first sufferer when anything went wrong and there was a threat to reduce the dividend. This was what happened for many years at Leeds—to take only one example out of a hundred. Moreover, even where the Societies kept up their help there was a waning of Co-operative interest, largely due to the emergence of new educational opportunities which had not existed in Owenite days or in the early years of the Pioneers' Society.

It has, of course, to be borne in mind that in the days of the Pioneers there was no State system of education for all. In 1844 educational opportunities of all sorts were scarce ; and the position was especially bad in many of the growing industrial towns. Some factory owners conducted schools for their factory children ; and there were church schools run largely under the auspices of the National Society for Educating the Children of the Poor in the Principles of the Church of England, other parish schools, some

undenominational schools under the auspices of the Lancasterian British and Foreign Schools Society, and a number of small private schools ranging from fairly well organised academies to "dame-schools" at which the barest rudiments could be picked up from teachers who knew little more than their pupils. For a small proportion of the older children whose parents were better-off and could do without their earnings, there were Grammar Schools or other foundations for boys—but almost none for girls. For adolescents and adults there was almost nothing, except where there were bible classes organised in connection with the chapels, or here and there a Mechanics' Institute concerning itself mainly with technical education in the local trades and crafts. There were in addition a few Mutual Improvement Societies arising and disappearing as local initiative waxed and waned; and some educational work was being done under the auspices of a few of the Friendly Societies—in Lancashire, especially the Oddfellows, who had a very strong hold in most of the industrial towns.

By the 'seventies this situation had greatly changed. Elementary education, though still far from universal, had been increasing fast between 1850 and 1870 under the auspices of the two great societies which were then mainly responsible for developing it with State aid. The Lancasterian undenominational British and Foreign Schools Society and the Church of England National Society had been busily founding and extending elementary schools in the industrial areas; and of course after the Education Act of 1870, which set up the School Boards and made compulsory the provision of an adequate number of school "places" in all districts, the growth was still more rapid. The new Board Schools supplemented, and in some cases took over, the schools run under the auspices of the voluntary societies; and in 1876 it was possible to make school attendance compulsory. Illiteracy, which had been common in the first half of the century, was in process of being stamped out; and one of the forms of "adult education"—designed to teach the elements of reading and writing to grown-ups—was becoming superfluous.

This was by no means the total extent of the change. The Owenites and the early Co-operators who followed the Rochdale Plan alike drew their support mainly from the more intelligent and better educated sections of the working class. For these in the 'forties there was, as we have seen, in most places very little educational provision. There were, no doubt, in some of the towns Mechanics' Institutes—there was, for example, one at Brighton, with which Dr. William King, of *The Co-operator*, was actively connected; but in most cases they confined themselves strictly to technical instruction and to education in subjects directly related to their members' trades and callings. This had not always been so. The earliest Mechanics' Institutes, in London, Glasgow, and Manchester,

had been inspired at the outset by much wider ideas. Thomas Hodgskin and J. C. Robertson, the founders of the London Mechanics' Institute in 1823, had set out definitely to make it an instrument of education designed to enlighten the worker concerning his social condition, as well as to teach him the "philosophy" of his trade. Even when the movement was captured by Lord Brougham, George Birkbeck, and the Society for the Diffusion of Useful Knowledge, founded in 1831, social subjects were not banned, though there developed between the Radicals who had started the movement and the rich men—mostly animated by utilitarian and commercial motives—who had come in to aid it a struggle about the nature of the social and economic doctrines that it was to teach. In this contest the Society for the Diffusion of Useful Knowledge won all along the line ; the heterodox—Socialists, anti-Ricardian working-class economists, and the rest—were driven out ; and the little textbooks of Brougham and his friends on *The Results of Machinery, Capital and Labour*, and other controversial subjects of the day, were made the basis of the Institutes' handling of such matters. But before long even this way of dealing with controversial issues began to seem too dangerous ; and when Chartism had captured the imagination of the working classes the Mechanics' Institutes turned almost everywhere into bodies teaching only technical subjects, and making no appeal except to skilled workers, or at all events workers who were definitely anxious to follow up fairly advanced courses of scientific or vocational instruction.

Under the stress of the hard and troublous times many of the Mechanics' Institutes went through a lean period in the 'forties. In the 'fifties, with the return of trade prosperity, came a revival, still essentially in the technical field. In 1852 the Society of Arts played a leading part in forming a National Union of Mechanics' Institutes, with regional Unions in the main industrial areas ; and two years later the same Society instituted a national system of examinations for those attending classes in the Institutes. From 1855 the Science and Art Department of the Privy Council Committee on Education embarked on an enlarged policy of paying grants to science and art classes both in Mechanics' Institutes and elsewhere—especially to "night schools" for adults and adolescents held on day school premises ; and there was a rapid growth of night schools both in the day schools of the two big educational societies and over a wider field, including some teaching non-technical as well as technical subjects. The main emphasis, however, continued to be on science and the "practical" arts : it was not until the later 'nineties that the Science and Art Department broadened the basis of its grants to cover nearly all modern subjects.

Even at Rochdale the educational work developed by the Pioneers in the 'fifties and 'sixties had departed a very long way from

the original ideas of Co-operative education. The Rochdale Society became the owner of the best library in the town, complete with branch libraries and reference libraries scattered all over its area. In 1877 it had fourteen libraries and a total of 13,389 volumes, apart from periodicals, of which it took in twenty-seven daily and fifty-five weekly issues, as well as a wide range of monthly and quarterly magazines. It had a laboratory and a large number of scientific and mathematical instruments, and it lent out for a charge microscopes complete with series of slides. The books in its library covered a wide range of subjects, including fiction ; and it is interesting to observe that books on the social sciences formed one of the least numerous classes in its catalogue. The classes which it conducted were mainly in science, with a few in art. There is no sign that there were at this period any at all in economics or politics or history—much less in Co-operation or anything closely connected with it. In effect, the Rochdale Society was not trying to educate its members in any formal way in Co-operation or citizenship or any of the subjects to which the Owenites would have given pride of place. It was dispensing knowledge pretty much as it sold tea or bread—guaranteeing that its quality was unadulterated and trying to give its members what they appeared to want in the spirit of a “general provider,” but no longer regarding itself as having a mission to use education as a direct instrument for bringing nearer the Co-operative Commonwealth.

In Rochdale, the very strong position in the town which the Pioneers' Society had gained for itself and the relative deficiency of rivals in the educational field caused this general type of educational work to be retained in Co-operative hands well after, in many other places, it had been taken over mainly by other agencies. The Pioneers' Society was proud of its educational work, just as it was proud of its grocery department or of its new central stores ; and when the opportunity came of getting help for its classes from the Science and Art Department, it seized the chance and retained control of the work in preference to handing it over to other bodies. This, however, was exceptional. Few Co-operative Societies had advanced nearly as far as Rochdale in the supply of higher education to the citizens of their towns ; and in most places the development of these types of educational work took place from the first largely under the auspices of agencies quite unconnected with Co-operation.

Indeed, in most places the growth of new agencies for higher and adult education led in the 'sixties to a widespread feeling among Co-operators that their educational work was no longer necessary, especially when attendance at their lectures and classes began to fall off in face of rival attractions. It was argued by many Co-operators that the Co-operative Movement should stick to its trading activities and leave education to other bodies. In Leeds, for example, where Co-operation was very strong, the Mechanics' Institute was vigorous

on the technical side and had in 1842 amalgamated with the Leeds Literary Society so as to provide cultural as well as technical education. It was working closely with the much less successful Leeds School of Art, founded in 1847, and was the centre of the active Yorkshire Union of Mechanics' Institutes. It was plausible to argue that the Leeds Co-operative Society would only be guilty of overlapping if it seriously invaded the educational field. Yet it was soon proved that the existing bodies were touching only a small part of the field. In 1861 the Leeds Working Men's Institute was set up to provide lectures, classes, and entertainments of a less advanced kind than those which were conducted by the Mechanics' Institute. The results were startling. Attendances at the new centre were soon very large, and greatly in excess of those secured by the older body.

There were, indeed, in the 'fifties and 'sixties evident signs of the stirrings of a new popular demand for adult education differing radically in its character from earlier movements. These older movements had been in the main either vocational or political in their approach : their promoters had desired either to make workmen better workmen or to instil into them a better appreciation of the virtues of orthodox political economy, or Owenite Socialism, or some other brand of social doctrine. The new movements of the 'sixties, on the other hand, were inspired largely by a desire for the spread of culture. Proposals put before the Universities' Commission of 1850 for the establishment of University "extension" courses had been rejected ; but in the 'sixties the movement was renewed. It began largely as an attempt to organise courses of lectures for women only in the big Northern towns ; and in 1867 Professor Stuart, the pioneer of University Extension, gave courses of lectures for ladies in Leeds, Liverpool, Manchester, and Sheffield. In the course of this experiment he discovered that there existed also a demand for similar lectures among working men ; and in the same year he gave two courses, one to the railwaymen at Crewe and the other to the members of the Rochdale Pioneers' Society. It is a singular fact that, though this course of lectures was the starting point of a highly successful University Extension Movement in Rochdale, Abraham Greenwood made no mention of it, or of anything that arose out of it, in his account of the Pioneers' educational work as it stood in 1877. This was not because he set little store by cultural education : on the contrary, he stressed its importance as well as that of scientific and technical education, and strongly urged other Co-operative Societies to make provision for the growing cultural needs of their members. Nevertheless the fact remains that the launching of University Extension in Rochdale, under the leadership of the Pioneers' Society, had not impressed itself on him as marking any memorable phase in the Society's educational achievement.

The ventures recorded in the preceding paragraph led directly to the development of the University Extension Movement. Cambridge University set up a Local Lectures Delegacy in 1873 ; and Oxford, where a number of University teachers had been active from an earlier date, followed suit officially by setting up its Extra-mural Delegacy in 1878, with Arthur Acland as secretary. A London Society for the Extension of University Teaching, jointly controlled by Cambridge, Oxford, and London Universities, had already been founded in 1876.

Co-operators in a number of areas gave active support to this new movement, which was largely instrumental during the 'seventies in bringing into existence a number of local Colleges—the nuclei of the modern civic Universities. But University Extension, in its original form, was much too expensive to touch more than a very small section of the working class. The Universities which set it going insisted that it should be run on a self-supporting basis ; and this meant in most cases either very large groups in which effective discussion was out of the question or fees beyond the reach of ordinary workers. The only exceptions were where financial help could be got from some local body on a considerable scale ; and such help was not to be had save here and there.

We have observed that the Rochdale Pioneers' Society was among the bodies which took full advantage of the grants offered by the Science and Art Department. They were especially active in promoting science classes, and were as proud of their well-equipped laboratory as they were of their library. But they were also prompt to take advantage of the chances offered by the new University Extension Movement ; and Rochdale became one of the most active centres of Oxford University's Extension work. Gradually, however, both types of educational work slipped out of the hands of the Society as a body, though many of its individual members remained active in educational affairs. There were developments of scientific and technical education in night schools run by the School Board, on which Abraham Greenwood won a seat at its formation, or by the rival National and British and Foreign Schools Societies ; and these gradually superseded the work of the Pioneers, especially after the Technical Instruction Act of 1889 and the receipt of the money made available to Local Authorities for financing technical education under the Local Taxation Act of 1890. On the non-technical side the local University Extension Movement acquired an independence of its own and began to supersede the lectures organised by the Pioneers.

The same things were happening in many other areas. Co-operators took up eagerly with University Extension and made grants towards the local courses ; and there was a further spread of activity when Oxford, in order to reduce costs, started its shorter

courses of Extension lectures in 1885. When the University Extension Summer Meeting—the pioneer summer school—began at Oxford in 1888 (Cambridge following in 1890) many Co-operators attended; and from 1891 the Co-operative Movement regularly provided scholarships for Co-operative students to attend the summer meetings at Oxford and Cambridge. Another link with Oxford had been formed before this by the endowment of the Thomas Hughes Memorial Scholarship, tenable by a Co-operative student at Oriel College, and a similar memorial to Edward Vansittart Neale was endowed later.

There were attempts at an early stage in the growth of University Extension to stimulate the Co-operative Movement to take up again seriously the task of educating its own members, not only through the Extension Movement but also under its own auspices. At the Co-operative Congress of 1882, which was held in Oxford, Arnold Toynbee, the historian of the Industrial Revolution and a tutor at Balliol College, delivered an address urging Co-operators to make fuller provision for the civic education of their following. As a result of this address a committee was appointed to go into the question with Toynbee and Arthur Acland; and at the next Congress it was decided that the United Board of the Co-operative Union should appoint an educational committee to advise generally on the development of the Movement's educational work. It was further arranged that the Southern Sectional Board, on behalf of the new committee, should enter into consultation with Toynbee, Acland, and Sedgwick from Oxford, and that a report should be prepared on the educational activities of Co-operation in time for the next Congress.

This report, prepared largely by Arthur Acland as secretary to the United Board's committee, was presented in 1884. It showed a total of £18,000 being spent annually on education throughout the Movement—or rather it showed this sum as having been voted for educational purposes, and spent mainly on libraries and newsrooms, and on Co-operative teas and propaganda. A great many Societies were revealed as spending nothing at all on education, even in this sense; and there was a general impression that the Movement's educational work had greatly fallen off, in relation to its increased membership, as one function after another had been taken over by other agencies. As far back as 1870 the Co-operative Congress had passed a resolution urging all Societies to devote 2½ per cent of their trading surplus to education. But relatively few had done so, or had maintained the principle as the size of their surpluses had increased.†

* It is a dismal fact that of the earlier holders of these essentially Co-operative scholarships not one can be traced as having returned from the University to serve the Co-operative Movement in any capacity of leadership.

† When at last, in 1886, the Leeds Society agreed to make a regular appropriation out of surplus for educational work, the 1½ per cent originally approved was reduced by vote of the members to ¼ of 1 per cent.

There was a widespread feeling that it was not the business of the Societies to go on doing what could be done better, many thought, by the Local Authorities or by special agencies such as the Universities and local Colleges ; and there was a good deal of opposition to any demand for a resumption of the types of educational work that had been falling into disuse.

The committee of 1884 was, however, of opinion that there was a special educational job that was not being done, and could be done only by the Movement itself ; and the Congress adopted a resolution urging " the development of some system of education *in Co-operation* " designed to give the members a clearer understanding of the purposes and social ideals of Co-operators. With this object it was decided to set up a new educational committee, to be appointed by and from the Central Board of the Co-operative Union so as to consist of members of the Central Board who were not on the United Board, and would thus be free to give more attention to educational affairs.

This action of Congress was speedily followed by the establishment of educational committees in several of the Sections of the Co-operative Union. At first these were simply committees of the Sectional Boards ; but in 1886 there was founded in the North-West a separate Co-operative Education Committees' Association directly linking together the Education Committees of the local Societies which had appointed such bodies. This practice gradually spread to other areas ; and by 1900 there were Co-operative Education Committees' Associations in the Midland, Northern, Southern, South-Western, and Scottish Sections, as well as in the North-West.

Meanwhile, in accordance with the decision of the 1884 Congress, Co-operative education had been taking a more specialised form. From 1887 the Co-operative Union was organising class syllabuses and outline lessons in Co-operative bookkeeping and auditing ; and thereafter there was a rapid growth of classes in purely Co-operative subjects. Correspondence courses were started in 1890 ; and in the same year the Co-operative Union instituted its own examinations in Co-operation and Co-operative trading technique. The basis of Co-operative education became very narrow, as far as the lead given from the centre governed the activities of the local Stores.

Within a very few years there was some reaction from this narrowing of scope. In 1895 junior classes in Co-operation were begun ; and in 1896 Miss Llewelyn Davies was largely instrumental in persuading the Woolwich Co-operative Congress to set up a committee of inquiry into the educational work of the Movement. Miss Davies insisted that Co-operative education ought to have two aspects—one purely Co-operative, and designed to increase the Movement's efficiency and deepen the understanding of its purposes,

and the other much wider, designed "to give Co-operators greater facilities for obtaining general knowledge and instruction, to better fit them for social duties." This second kind of education had been greatly stressed by the Women's Co-operative Guild ever since its formation in 1883; and Miss Davies was trying to get the Co-operative Movement as a whole to accept the wider conception of its educational functions.

Congress took two years to debate the findings of the committee of inquiry, which revealed that of 402 Societies which answered a questionnaire 133 had no educational fund, whereas the remaining 269 had voted £26,000 during 1895 for educational purposes—reading rooms and libraries still accounting for much the larger part of the total. Many of the grants had been very small: 153 Societies out of the 269 had spent on education less than £50. Only 166 Societies were applying the Rochdale principle of a percentage of trading surplus, and many of these were voting much less than 2½ per cent. Only fifty-eight Societies appear to have been running educational classes of any kind, though many more arranged casual lectures.

This was a very unsatisfactory showing; and the Co-operative Congress of 1898 resolved to reorganise the educational committee on a new basis. Sweeping changes proposed by the committee of inquiry were not accepted; but representatives of the Sectional Associations of Education Committees and a representative of the Women's Guild were added to the existing committee; and steps were taken to promote the establishment of Associations in areas in which they did not already exist. The effect of the changes was fairly considerable and laid the foundations on which the Co-operative Union built up its education department; and by 1900 the recorded sums voted for education throughout the Movement had risen to a total of about £60,000. There had, moreover, been some broadening of the scope of the work; and classes were springing up on such subjects as citizenship. But when, in 1899, the Oxford University Extension Delegation offered to Co-operative Societies the services of one of its tutors, Mr. Joseph Owen, for classes on citizenship and industrial history, only one Society responded and the scheme had to be dropped.

By this time a new advocate of Co-operative educational activity had entered the lists. Albert Mansbridge, an employee of the Co-operative Wholesale Society and an enthusiastic supporter of University Extension, made an impassioned appeal to the Peterborough Co-operative Congress of 1898; and the following year he was largely responsible for convening a special gathering of Co-operators at the Oxford Extension Summer Meeting. His plea was for something of higher educational value, and better adapted to the special needs of keen working-class students, than the general run

of Extension courses, which tended in most areas to attract mainly middle-classes audiences and to include many more students than could take any effective part in discussion or receive any measure of individual attention. Mansbridge became convinced of the need for a new approach based on direct collaboration of the Trade Unions and Co-operative Societies with the Universities in meeting the educational demands of ordinary working men and women ; and in 1903 he published a series of articles in the *University Extension Journal* expounding his plans and, practically single-handed, founded the Workers' Educational Association to give expression to his ideas. In the same year he and Robert Halstead, the secretary of the Co-operative Productive Federation, got together a conference at Oxford to discuss their projects with University people ; and at this gathering the W.E.A. was formally launched. Trade Unions and Co-operative Societies were invited to affiliate to the W.E.A. ; and the first Society to respond seems to have been the Annfield Plain Co-operative Society in the Durham coalfield. The first branch was formed the following year (1904) at Reading ; and Rochdale followed in 1905. The characteristic instrument of W.E.A. education—the tutorial class conducted over three winter sessions, with a regular discussion hour following the lecture, regular written work by the students, and a limited attendance in order to ensure individual attention—was not fully worked out until some years later. The first tutorial classes—at Longton in the Potteries and at Rochdale, with R. H. Tawney as tutor in both cases—did not begin until 1908 ; and it was also in 1908 that the first University Joint Committee for Tutorial Classes was brought into official existence under the auspices of the Oxford Extension Delegacy. On this committee University representatives were matched with an equal number of "consumers'" representatives, chosen by the Co-operative Union, the Trades Union Congress, and the Workers' Educational Association. The Extension Movement, though it had worked partly through local committees in the class centres, had been run by the Universities without any control by the consumers. The new movement was based from the outset on the principle of joint control—first clearly laid down in the report on *Oxford and Working-class Education* issued as the outcome of a conference held at Oxford in 1907 between University friends of the Movement, Trade Unionists, Co-operators, and the leaders of the W.E.A. From Oxford the new venture spread rapidly to other University centres, until practically every University had its joint tutorial classes committee, sometimes working side by side with an Extension committee and sometimes entirely independent.

The essence of the tutorial class was that numbers were limited and students morally pledged to a sustained course of study extending over several years. It was thus radically different from the older

Extension Movement, though many Extension lecturers had done their best, by conducting voluntary classes in connection with their lecture courses, to infuse a real element of continuous study into the work. The Extension lectures, as we have seen, had been expected to be in the main self-supporting, or to be aided only by local grants ; but it was out of the question to expect small groups of twenty or thirty working-class students to be able to meet the costs of a tutorial class tutor who had usually to travel a long distance and was looked to by the students to do a great deal more than merely conduct the class for a couple of hours a week. Accordingly, the Tutorial Class Movement had from the outset to be financed from special funds ; and Colleges provided the necessary money until the experiment had proved its value and grants from the Board of Education were made available for its development.

It would take me beyond the period covered by this chapter to describe the growth of the Tutorial Class Movement and of its sponsoring body, the W.E.A., or to give an account of the further types of class which soon began to spring up under W.E.A. auspices. What has to be noticed here is that the Co-operative Movement, which had been closely associated with the rise of University Extension in the 'seventies, was no less closely connected with the W.E.A. and the Tutorial Class Movement in their early days. Once again, Co-operators, instead of launching an ambitious general educational plan of their own, preferred to concentrate their own educational work mainly on subjects directly connected with Co-operation, including especially classes for juniors and for Co-operative employees, and to collaborate with outside agencies in the organisation of education over a wider field.

This applied to correspondence courses as well as to evening class work. When Ruskin College, Oxford, was founded by the American enthusiast, Walter Vrooman, in 1899, one of its first activities was the institution of correspondence tuition on such subjects as economics, industrial history, and working-class problems. A large part of the response came from the Co-operative Societies—including the Rochdale Society, which soon had two groups of correspondence students meeting at the Toad Lane Store. These Ruskin College courses did much to prepare the way for the rise of the Workers' Educational Association, many of them providing the nuclei for W.E.A. branches and going on from correspondence courses to tutorial classes under the joint auspices of a University and the W.E.A. The Co-operative Movement retained its close interest in all these forms of development ; but as the W.E.A. expanded the connections necessarily became less intimate. The W.E.A. grew to be a nation-wide movement based on individual branch membership and on the affiliation of numerous Trade Unions and other bodies besides the Co-operative Societies ; and it seemed

the less necessary for Co-operators to develop a broad educational movement of their own in that the needs of the keenest students in their ranks were being largely met in these other ways.

Thus in the early years of the twentieth century formal Co-operative education was in the main confined to classes on purely Co-operative subjects, and most of the emphasis was still being laid on vocational courses for employees and officials and on courses for juveniles who fell outside the field covered by Ruskin College and the W.E.A. The Women's Guild was, indeed, doing a great deal of most valuable elementary work on educational lines among Co-operative housewives; but the male Co-operators still looked in the main to agencies outside the Movement to meet their educational needs. In some areas the University Extension Movement continued to hold the field, with a good deal of Co-operative support. In other areas the W.E.A. took its place, or opened up untilled ground.

In a later chapter the story of Co-operative education will be picked up again. But for the present I must leave it, having already carried the record some years beyond the date to which this section of my book is meant to advance. I have done this because to stop sooner would have involved an awkward break. The new educational movement associated with the W.E.A. sprang so directly out of the University Extension Movement that the two cannot be kept apart. It is, however, very necessary to stress the differences between them. The Extension Movement had as its essential purpose the spread of "culture"—the extension of University influence over a larger part of the population, under University control. The W.E.A. set out with a different idea, formed by students who had themselves discovered both the benefits and the limitations of the Extension Movement. The W.E.A.'s aim was to associate both the students and the bodies to which they belonged—the Co-operative Societies and the Trade Unions—on equal terms with the Universities in the control and direction of the work to be done. It was also to appeal much more than the Extensionists had ever appealed to groups rather than to isolated individuals, and to make contact with these groups on the basis of their group ideals and desires for knowledge, not simply for its own sake but as a means to mastery of their social environment. The W.E.A.'s aim was, in a sense, highly practical. Recognising the rapidly increasing influence of Trade Unionism and Co-operation, it set out to meet the desires of active Trade Unionists and Co-operators for help towards the instructed use of power. It was therefore bound to meet with much more opposition than University Extension, with its professedly cultural aims. This opposition it sought to disarm by declaring that it wanted its educational work to be objective and not propagandist, and that it wished not to impose the doctrines of its members on the tutors who came

to it from the Universities but to promote collaboration between tutor and student in an objective search for truth.

This quest for truth was in general entirely acceptable to Co-operators, whose Movement included men and women of all parties and opinions. There was however one subject on which Co-operators made no pretensions of impartiality—Co-operation itself. Assured in their minds that Co-operative principles were right and good, they wished to preach them to others ; and it was accordingly out of the question for them to hand over strictly Co-operative educational work to any outside body. That branch of education the Movement clearly would have to carry on itself, under its own direct auspices ; and for some time the line of demarcation between the Co-operative Union's educational work and that of the W.E.A. was, on this score, fairly clearly drawn. It became a good deal less clear later when the Co-operative Union expanded its activities to cover a wider field ; but for the time being there was little overlapping. Many Co-operative Societies affiliated to W.E.A. branches and districts ; and the Co-operative Union and the Educational Associations gave steady backing to the W.E.A., while they continued to develop their own specialised educational plans and to give increasing support to the half-educational, half-propagandist work of the Women's Guilds and, as long as it lasted, of the Guild of Co-operators formed by London friends of the movement in 1878. Meanwhile, with the growth of public libraries, Co-operative libraries and newsrooms were going out of fashion,* and such educational activities as science lectures had passed into the hands of the Local Authorities and of the growing number of local Colleges, some modelled on the Universities and some concentrated wholly on technical and vocational subjects. Local Co-operative Societies had to find new ways of spending such sums as they granted for educational purposes ; and most of the more progressive were prepared both to support the growing activities of the Co-operative Union and the Sectional Educational Associations in the more specialised fields of Co-operative training and to give some measure of help to the rapidly growing local activities of Albert Mansbridge's W.E.A.

* The Co-operative libraries were in many cases dispersed altogether. In other cases they were shared out among branches in outlying areas not served by a public library, or converted into book-box travelling libraries circulating round local branches. It is worth noticing that some of the Societies had conducted a bookselling business in connection with their libraries (e.g., Rochdale) and that thus too tended to die out when the libraries were disbanded or allowed to decay.

XIV.

CO-OPERATION IN AGRICULTURE—IRELAND : THE BEGINNING OF INTERNATIONAL CO-OPERATION

After the collapse of the last Owenite Community at Queenwood Co-operation became in Great Britain almost purely an urban Movement. There were village Co-operative Stores in some places, notably in Scotland, but the villages served by them were centres of small-scale industry, and neither farmers nor agricultural workers played any substantial part in their affairs. There was, indeed, at Assington in Suffolk an isolated case of Co-operative farming, two farms being leased by the squire, Mr. Gurdon, to societies of agricultural workers, which from the 'thirties to the 'seventies farmed them successfully with the aid of loans and advice from the benevolent owner. The Assington Societies, however, though Co-operative in form, were experiments launched and guided from above and not examples of real mutual self-help, and no other landowners were found to follow Mr. Gurdon's example. The Co-operative Movement of Great Britain was based essentially on the industrial workers; the agricultural labourers had been crushed too effectively and had too little surplus over absolute daily needs to be able either to found Societies on the Rochdale model or to embark upon plans of Co-operative Production. As for the farmers, the British system of farming did not, and does not to-day, lend itself easily to Co-operative methods. In comparison with most continental countries in which Agricultural Co-operation has struck deep roots, England has been a country mainly of tenant farmers, farming relatively large areas and deriving a good deal of their working capital from the owners of the land. The larger farmers have often been dealers as well as farmers, and the very small farmers have not formed a social group coherent enough to organise for mutual aid. The market for agricultural produce has been dominated largely by imports, which have been the determining factor in settling prices, and the farmers have for the most part sold their produce locally to middlemen and bought their requisites from middlemen who have held the whip-hand over them financially and have been too strongly entrenched to be easily beaten out of the field. Only a really united farmers' movement could have changed this situation, and until quite lately the farmers of Great Britain have been a thoroughly disunited class, too far apart one from another in status, resources, and scale of operations to be capable of working together for any common end.

In all these respects Ireland has been quite unlike Great Britain, or rather unlike any part of Great Britain except the Scottish Highlands and certain parts of Wales. Ireland has been essentially

a peasant country—formerly of rack-rented tenants usually crowded upon exiguous holdings, and latterly of peasant proprietors set free from absentee landlordism by the Land Purchase Acts, but still farming on a tiny scale and with the scantiest financial resources. We have seen how for the two years from 1831 to 1833 an Owenite Community had been conducted under E. T. Craig's leadership at Ralahine in County Cork, and had seemed to promise well until it was swept right away by the bankruptcy of the Owenite owner of the land. This, like Assington, was an experiment launched from above, and it lasted too short a time for any judgment to be possible on its prospects of durable success. Thereafter until the end of the 'eighties there were no more Co-operative ventures in Ireland except a few scattered Consumers' Stores, none of them of any size. The more venturesome among the Irish peasants did not co-operate at home; they either emigrated or threw themselves into political movements in which demands for the removal of the absentee landlord usually played an important part.

The way was prepared for the growth of a Co-operative Movement in Ireland mainly by two men, of whom one played in it no recognised part, whereas the other is universally acclaimed as its founder. These two men were Michael Davitt, the creator of the Irish Land League, and Horace Plunkett, the maker of Irish Agricultural Co-operation. The Land League, founded by Davitt in 1879, prepared the way for Plunkett's work of ten years later. Davitt, advocate of land nationalisation and agrarian Socialism, shifted the emphasis in Irish peasant politics away from the futile insurrectionism of the Irish Republican Brotherhood, with which he was at first associated, to constructive land reform, and taught a large section of the Irish peasants the art of working together. There was no idea in his mind of founding Co-operative Societies, but Plunkett has himself observed that but for the propaganda of Davitt among the peasant farmers Irish Co-operation would have had to face a much more uphill task.

Michael Davitt was an Irish Nationalist standing for Irish independence under a Socialist system. Horace Plunkett was an Irish Unionist, an opponent of Home Rule, and apparently the last man likely to lead a movement for the emancipation of the Irish peasants. But Plunkett, who was away ranching in America from 1879 to 1888, came back to Ireland an ardent advocate of Co-operation and a believer in the practicability of getting Catholics and Protestants, Nationalists and Unionists, to work together in a purely economic movement based on Co-operative self-help.

Actually the movement for an extension of Co-operation to Ireland began just before Plunkett's return. In July, 1888, there was held in London an Irish exhibition, and in connection with this Ernest Hart, who was one of the directors, persuaded the Co-operative Union to organise a conference to discuss the possibilities of extending

Co-operation in Ireland. E. V. Neale and other leading friends of Co-operation in England gave strong support, and out of the conference developed an Irish Co-operative Aid Association—a missionary body designed to help the Irish to create a Co-operative Movement of their own. In September, 1888, Plunkett published in *The Nineteenth Century* an article strongly advocating the application of Co-operation to Irish conditions. He joined the Aid Association and quickly became its leading figure. The Co-operative Union was persuaded to establish an Irish Section based on the very few existing Irish Societies, and Plunkett became chairman and R. A. Anderson secretary. J. C. Gray, of the Co-operative Union, was sent to Ireland on a mission of inquiry and report, and with his help Plunkett and his friends set actively to work.

Up to this point the extension of Co-operation to Ireland seems to have been thought of mainly in terms of a development of the Store Movement, but Plunkett and those associated with him quickly realised that there was no prospect of success along these lines. The Irish peasants and small farmers needed mainly, not provision stores or means of investing small savings, but help in marketing their produce, in improving their standards of cultivation and preparation for the market, in buying farm requisites at fair prices and of good quality, and in getting credit to tide them over the period of production and sale. Accordingly, in planning for Irish Co-operation they looked not to Rochdale but rather to those countries in which movements of Agricultural Co-operation had been successfully established among poor peasant producers—to Denmark and to Germany—from which they could learn more than from the example of Great Britain.

There were two types of Co-operative activity in these countries which seemed to point the way to what was needed. In Germany the Co-operative credit banks started by Raffeisen in 1862 had achieved remarkable results in freeing the peasants from the domination of the money-lenders, and in Denmark from about 1882 the Co-operative Creameries had achieved a really remarkable success in raising the standards of butter-making and in securing for the producers higher prices corresponding to the improved quality. Both Germany and Denmark had also made a success of Co-operative purchase of farm requisites, either through special Societies or as a secondary activity of Societies formed mainly for marketing.

These were the models on which Plunkett set out to develop a non-party, purely economic Co-operative Movement among the Irish peasants. In 1889 the first Co-operative Dairy Society or Creamery was founded at Drumcollogher, and by 1891 there were sixteen Dairy Societies in existence, mainly in the South of Ireland but extending into Ulster as well as the Nationalist Provinces. In 1892 a number of these Societies joined together and formed the Irish

Co-operative Agency Society to undertake Co-operative marketing of their produce. By 1894 there were thirty-three Dairy Societies, greatly outnumbering the thirteen Co-operative Stores in Ireland, and it seemed clear that the new movement had taken firm root. At the same time a beginning had been made with Co-operative credit banks on the Raffeisen principle and with supply Societies for the Co-operative purchase and sale of agricultural requisites; but the creameries were the real heart of the movement, and it was in connection with their growth that the first serious troubles arose.

We have seen in earlier chapters that the Co-operative Wholesale Society had been from its early years a large buyer of Irish butter, and had established its own depots in Ireland for carrying on the trade. Indeed up to the 'eighties most of the butter sold by the British Co-operative Movement had come from Ireland. Then in the 'eighties the Danish Co-operators entered the market with supplies of butter much better graded and in general of higher quality than the Irish butter. Moreover, the Danes were suppliers of fresh butter all the year round, whereas the Irish, producing on small farms and relying on summer pasture, were unable to maintain supplies during the winter. Irish butter was made on the farm in small quantities and without any standards of grading, so that even the same keg might vary greatly in quality. These differences gave the Danes a large advantage, and the Irish trade was seriously threatened. The Co-operative Creameries were designed to remedy these defects as far as they could be remedied by factory production, but they could not be wholly remedied unless the Irish producer could be put in a position to use winter feed and thus establish the conditions for a winter supply. Agricultural education and agricultural credit were therefore essential supplements to the establishment of creameries, and it became clear that the Irish Co-operators would have to set out on a general campaign for the improvement of farming standards as well as of manufacturing and marketing methods. In attempting this they felt handicapped by their position as a mere section of a British Movement dominated by the urban point of view and committed in the main to the principle of consumers' control. There may have been, too, not on Plunkett's part but in the minds of many of his converts, an underlying hostility to the British connection and a desire to place the movement under purely Irish control.

The immediate cause of the first overt trouble was the Castle-mahon Co-operative Creamery, which had got into difficulties owing to internal disputes between Catholic and Protestant members and was in danger of having to shut down. Its creditors were threatening to foreclose, and it was on the point of being handed over to a capitalist firm when the Co-operative Wholesale Society agreed to rent it and to carry it on as one of its productive establishments.

But after this had been done the creditors continued to press for their money, and the C.W.S., while expressing its willingness to hand the creamery back to a properly constituted farmers' Co-operative Society, ended by buying it outright. This alarmed Plunkett and his group, who feared that many of the Irish farmers would not persist in working together and running their own creameries if they believed the C.W.S. would be prepared to do the work for them. They were still more alarmed when the C.W.S. brought forward plans for building two new creameries of its own in Ireland—one quite near an existing Co-operative Creamery and the other in an area in which the establishment of a Co-operative Creamery was actually under discussion. To the C.W.S. directors it doubtless seemed natural enough to branch out from purchasing depots in Ireland to butter factories under their own control, just as they extended their operations in Ceylon and India from buying tea to growing it on their own plantations. It doubtless seemed no less natural to take over a Producers' Society which had got into difficulties in the same way as they had taken over some of the Manufacturing Societies in England. To the Irish Co-operators, on the other hand, the taking over of Co-operative Creameries by the C.W.S. seemed a plain threat to the independence of their growing movement. If that sort of thing were allowed to happen they would have had all the spadework of establishing Irish peasant Co-operation for nothing, and the Irish, so far from getting an independent movement of their own, would become mere servants of the English consumers with no control over their own affairs. Moreover, what Plunkett wanted was to find ways of inducing the Irish to work together on constructive, democratic lines, to join forces in such a way as to reduce political and religious antagonism, and to build up a new national spirit based on friendly co-operation in a common cause. How could he get this if the C.W.S. were to be allowed to come in with its superior financial resources and reap as it pleased where he had sown?

The quarrel between Plunkett's group and the C.W.S. was complicated by difficulties over the wider issues of Co-operative organisation in Ireland. Plunkett and his followers had worked at the outset through the newly created Irish Section of the Co-operative Union, of which Plunkett was chairman and R. A. Anderson full-time secretary, and Anderson's services had been used mainly in setting up and helping to organise the new creameries and other agricultural Societies. But the Irish Sectional Board, which included representatives of the scattered Consumers' Stores, was not a very satisfactory body for this purpose, and the agricultural Societies showed a strong reluctance to become affiliated to the Co-operative Union so as to secure representation upon it. Consequently, in 1894, Plunkett and his group decided to establish a separate central body to represent the Irish Agricultural Movement, and the Irish Agricultural Organisation

Society was started in that year, with Plunkett as president and R. A. Anderson as secretary, partly as a federation of the Irish farmers' Co-operative Societies, but also with the aid of private donations and individual membership. Having done this, Plunkett in effect allowed the Irish Sectional Board of the Co-operative Union to go into cold storage, though the Co-operative Union was paying Anderson's salary and organising expenses. There were protests at this from British Co-operators who were suspicious of Plunkett's aims and of farmers' Co-operatives which some of them regarded as profit-seeking bodies untrue to the "Rochdale principles." Indeed, many of the British Co-operators thought the main business of the Union's Irish Section should be to push the Consumers' Store movement, and sympathised rather with the C.W.S. than with the Irish movement in the struggle over the creameries.

The dispute was carried to the Co-operative Congress of 1895. The C.W.S., while it expressed its willingness to co-operate with the Irish creameries wherever they could establish themselves on sound lines, would not give up what it regarded as its right to advance from trading to production wherever it saw fit, and the majority of English Co-operative representatives were unconvinced by Plunkett's arguments. The sequel was the resignation of the Irish Sectional Board, headed by Plunkett and Anderson, and the severance of official connections between the Irish Agricultural Co-operative Movement and the Co-operative Union, which retained in affiliation only the few and scattered Consumers' Societies. The grant paid to the Irish Section was discontinued and the Section itself was wound up, the Irish Stores being transferred to membership of the Scottish Section of the Co-operative Union, on which they became entitled to a single representative.

The centre of gravity in Ireland now shifted to the Irish Agricultural Organisation Society. The poverty of the Irish movement made it unavoidable that this body should be at the outset mainly dependent on income from private sources. It secured support from Catholics as well as Protestants and from Nationalists as well as Unionists and Liberals; and it was fortunate in enlisting as assistant secretary George W. Russell, known as A.E., the Irish poet and artist, who became the editor of its weekly journal, *The Irish Homestead*. This little paper, started in 1895, became in Russell's hands a very powerful instrument of Co-operative education, mingling suggestions for improved farming with a strongly idealistic vision of the meaning of Co-operation for the Irish people. Plunkett, Russell, Anderson, Lord Monteaigle, and Father Finlay, the initial leaders of the I.A.O.S., formed a remarkable partnership; and in 1896 Plunkett scored a signal success by organising the "Recess Committee"—an inter-party committee of Irish Members of Parliament who met during the parliamentary recess to debate together about Ireland's economic

needs and were persuaded to give strong support to the new movement towards Agricultural Co-operation. The official Irish Nationalist Party refused its collaboration; but the separate group then led by John Redmond worked together with Unionists on the committee, out of which came directly the Act which set up in 1900 the Irish Department of Agriculture and Technical Instruction. The Chief Secretary for Ireland was nominally at the head of this new department, but the working head was the vice-president, and Plunkett's appointment to this position gave Irish Co-operation a status and ensured the help of the State. Thereafter the work of technical instruction of farmers was mainly taken over by the Government, and the I.A.O.S., aided with Government funds, was able to concentrate on Co-operative propaganda and organisation.

Before this, in 1897, an attempt had been made to set up a federal body to organise the supply of agricultural requisites to the farmers. This body was established first as the Irish Co-operative Agricultural Agency, but in 1898 it was decided that a closer form of organisation was needed, and the Irish Agricultural Wholesale Society was set up, to deal at first only in fertilisers and seeds. The I.A.W.S., like the I.A.O.S., could not be established simply as a federation of local Societies on the model of the C.W.S.; for the Irish Societies had too little money to be able to meet the cost of financing such a federation. Capital had to be sought from friendly individuals, and this fact hampered the I.A.W.S. as it also hampered other federal agencies. The farmers did not feel the same sense of loyalty towards a body financed largely by private supporters as they might have felt towards a federation fully owned by themselves. They were all too apt to buy through the I.A.W.S. only when it happened to suit them and to take any chance of picking up bargains elsewhere. Similarly, the federal butter-marketing body, the Irish Co-operative Agency Society, was badly handicapped by not getting regular supplies even from the Societies which belonged to it and by being put off with the supplies which could least easily be sold elsewhere, either because their quality was inferior or because there was a temporary glut. Both the I.A.W.S. and the I.C.A.S. went through very serious difficulties in their early years, and among these difficulties not the least was that they both found themselves to some extent in competition with the C.W.S.

Federal action was, however, imperatively necessary, especially on the side of farm supplies. The attempts of the Irish farmers to improve their position by Co-operative action encountered keen hostility from the merchants who had previously controlled these supplies, and these merchants were able to induce many of the firms which supplied fertilisers, seeds, and agricultural machinery to refuse to deal with the Co-operative Societies. The machinery needed for the Co-operative Creameries had to be largely imported from

America in order to evade the boycott, and in the same way supplies of seeds and fertilisers had to be bought abroad. This could be done only by federal agencies large enough to organise the importation and to obtain the necessary credit, and the movement went through many dangers before the boycotts were effectively broken down.

With such difficulties to face on the supply side the I.A.O.S. was reluctant to stir up fresh enemies. Quite soon it became apparent that the only basis on which ordinary Consumers' Co-operation was likely to secure a firm footing in Ireland was that of a combination of dealings through a single local Society in both farm requisites and general consumers' supplies. A number of the Societies formed for the joint purchase and sale of farm requisites soon began to broaden out into general Consumers' Societies, and in doing so to expand their membership to include farm labourers and industrial workers as well as farmers. This development at once aroused the strong opposition of the private traders, and the I.A.O.S., fearful of their hostility, frowned upon it, though it was obviously in the right line of growth. Consequently development was slow, and there were internal dissensions, coupled, after Plunkett had accepted an official position in the new Board of Agriculture, with assertions that the movement was coming altogether too much under Government influence. The service which Co-operation was rendering to the small farmer was, however, too evident for such disputes to do much towards checking its progress. By 1900, whereas there were less than a dozen ordinary Co-operative Stores in all Ireland, there were fifty-eight Agricultural Co-operative Societies for the purchase of farm requisites and 138 Agricultural Productive Societies, mainly creameries, besides a few Egg and Poultry and miscellaneous Societies. Of the Productive Societies fifty-nine were in Ulster, whereas Ulster had only seven of the purchasing Societies. In all the Productive Societies were doing a business of about £2 million and the purchasing Societies of about £500,000, whereas the Consumers' Stores had all together a turnover of only about £42,000. All these figures are, of course, very small in relation to the English totals, but the movement was young and its members were very poor.

In the new century the situation of the Irish Co-operators was rapidly changed by the operation of the Land Purchase Acts. Wyndham's Act of 1903, whatever may be the criticisms of its financial provisions, played a large part in turning Ireland into a country of peasant owners. It might have been supposed that this advance would have stimulated the growth of the third type of Society specially fostered by Plunkett and the I.A.O.S.—the Credit Society on the Raffeisen plan. The essential principle of these Societies was that they should work on a basis of unlimited liability, and in a spirit of mutual trust, through small groups of farmers well

known to one another personally. In a Raffeisen Credit Society there may be no individual shareholders and no common capital. The purpose of the Society is to make advances of money to its members for limited periods and for definite approved projects, such as the installation of better farm equipment. The advances are made on the combined guarantee of all the members, who are all liable without limit in case of default. The money is usually borrowed on the strength of this guarantee from an ordinary bank, and the members are naturally careful in deciding what advances to make. Administration is usually done gratuitously by the members themselves. The Societies are registered not as Industrial and Provident Societies but under the Friendly Societies Acts.

Societies of this type have been successful where they have been kept small and intimate, not only in Germany but in many other countries, including very backward peasant countries. They have not been confined to agriculture but have also worked successfully among small traders and independent craftsmen. Plunkett set high hopes on their success in Ireland, and for a time they spread rapidly and appeared to be doing well. By 1907 there were 216 of them, with a membership of nearly 17,000, and advances of £57,000 were made by them during the year. Thereafter this branch of Irish Co-operation suffered a check. The very success of the Dairy Societies, the Societies supplying farm requisites, and the Egg and Poultry Societies, combined with the effects of land purchase, were making it easier for Irish farmers to get credit in less exacting ways, and there was a tendency to go direct to the ordinary banks instead of approaching them by way of a Credit Society. This, however, by no means impaired the value of the services of this kind of Society to the movement in its early days of struggle.

As the creameries and the Supply Societies became firmly established the Irish farmers gained steadily in independence throughout the dairying districts; but the quarrel between the I.A.O.S. and the C.W.S. remained unresolved. The C.W.S. had bought the Castlemahon Creamery in Limerick, not because it wanted to but because the local Dairying Society had collapsed, and it had offered to restore its purchase to the Society if it could be reconstituted on proper lines; but the members had quarrelled among themselves over politics and reconstitution proved impracticable. The C.W.S., as we have seen, thereupon bought the creamery outright, and after the rupture between the Irish Co-operators and the Co-operative Union other instances of the same sort occurred. Moreover, the C.W.S. was bombarded with requests from Irish farmers, who either did not like Plunkett and the I.A.O.S. or had failed to work together, to set up creameries in Ireland where no local Dairying Societies were in being, and presently it began to do this on a considerable scale and was violently attacked for doing it in the columns of *The Irish*

Homestead. The C.W.S. leaders retorted that the Irish, by establishing their Irish Co-operative Agency Society in Manchester for the sale of butter in the English market, were poaching on their preserves fully as much as they could be said to be poaching on those of the I.A.O.S. They pointed out that if the I.C.A.S. were successful in centralising the sale of Irish butter in its own hands all the long-established C.W.S. Butter Buying Depots in Ireland would become redundant. There were repeated conferences year after year in an attempt to arrange the differences, and many proposals were put forward for some sort of partnership between the Irish Societies and the C.W.S., but the essential contrast of attitudes remained unbridged. At one point it was proposed from the Irish side to merge the whole of the creameries owned by the C.W.S. and the Irish Societies into a single body—a sort of Irish Dairying Corporation under joint control. Another proposal from the C.W.S. side was that all the C.W.S. Creameries should be transferred to newly formed Dairying Societies, the C.W.S. leaving some of its capital in them and receiving the balance in cash. As against this the I.A.O.S. wanted to take over only selected Societies, leaving those which it regarded as redundant to be closed down by the C.W.S.

Actually the C.W.S. during the early years of the twentieth century was making a loss on its creamery business, mainly because of the unevenness of the supplies of milk from the local farmers. It was also, on account of the continued quarrels, becoming anxious to cut its losses. In the end the Irish got most of their way. The great majority of the C.W.S. Creameries in Ireland had by 1912 been transferred into the hands of local Dairying Societies. Thirty-four main creameries and fifty-one auxiliaries were handed over in this way by 1912, and the C.W.S. retained only a few creameries which for special reasons it was found impracticable to transfer.

Plunkett, in his book *Ireland in the New Century*, has defined the aims with which he and his helpers set to work in founding the Irish Agricultural Movement. "Generally speaking," he says, "the task before us in Ireland was the adaptation to the special circumstances of our country of methods successfully pursued by communities similarly situated in foreign countries. We had to urge upon farmers that combination was just as necessary to their economic salvation as it was recognised to be by their own class and by those engaged in other industries elsewhere. They must combine, so we urged on them, for example, to buy their agricultural requirements at the cheapest rate and of the best quality in order to produce more efficiently and economically; they must combine to avail themselves of approved appliances beyond the reach of individual producers, whether it be by the erection of creameries, for which there was urgent need, or of cheese factories and jam factories which might come later; or in ordinary farm operations, to secure the use of the

latest agricultural machinery and the most suitable pure-bred stock. They must combine—not to abolish middle profits in distribution, whether those of the carrying companies or those of the dealers in agricultural produce—but to keep those profits within reasonable limits, and to collect in bulk and regularise consignments so that they could be carried and marketed at a moderate cost; they must combine, as we afterwards learned, for the purpose of creating by mutual support the credit required to bring in the fresh working capital which each new development of their industry would demand and justify. In short, whenever and wherever the individuals in a farming community could be brought to see that they might advantageously substitute associated for isolated production or distribution, they must be taught to form themselves into associations in order to reap the anticipated advantages.”*

This is an admirably lucid summary of what Plunkett set out to achieve. From the standpoint of the British enthusiasts for Consumers’ Co-operation it was apt to seem very like the combinations made by other private traders to exact higher prices at the consumers’ expense. After all, the agricultural producer, like any other, was a profit-seeker, and a federation of farmers was only another form of trade association. Many of the English Co-operators were, indeed, prepared to regard in a different light the Manufacturing Societies of associated working men, who pooled their resources in order to produce in common; but they found difficulty in extending the exception to Societies in which the individual members continued to produce for profit, and merely pooled resources to carry on common activities in the processing and sale of their individual products. They were used to the English farmer, who seemed to them to be very much of a capitalist in his little way, and it hardly occurred to most of them that the Irish peasant farmer, working his tiny holding usually without any kind of labour, stood in any different position. Thus, while the Irish suspected the C.W.S. of wishing to exploit the peasant for the benefit of consumers in England who were mostly much better off than he, the English Co-operators were inclined to suspect the I.A.O.S. of seeking to build up something analogous to a capitalist monopoly. In those days the British Co-operative Movement had come but little into touch with foreign Co-operative Movements in the agricultural countries. There is a better understanding now, though even to-day the clash of attitudes to some extent remains. It is, indeed, bound to remain in any community whose economic institutions are based mainly on profit-making. Only in a classless community, in which the producers and the consumers would be essentially the same people, could friction arising from such causes be reduced to easily manageable dimensions, and even in such a community the divergence between urban and rural standpoints might still continue to exist.

* *Ireland in the New Century*, page 181.

Agricultural Co-operation, successfully established in Ireland during the final decade of the nineteenth century, did not spread in Great Britain on any comparable scale. There were enthusiasts for it. Edward Owen Greening had founded the Agricultural and Horticultural Association for the purpose of promoting English Agricultural Co-operation as early as 1868; and for the rest of the century this body continued its propaganda and carried on a modest business in the sale of farm requisites, chiefly seeds and fertilisers, to its scattered membership. But in 1900 there were in all Great Britain only seven Agricultural Distributive Societies—four in Cumberland, one in Yorkshire, and one each in Buckinghamshire and East Anglia—and five small Agricultural Productive Societies at work. There was not one in all Scotland or in Wales, and the total turnover was insignificant. The work of the English and Scottish Land Restoration Societies in the 'eighties, and of the Highland Land League, had produced no such aftermath as the propaganda of Davitt and Parnell in Ireland, and there was no Plunkett to devote his life to the attempt to devise methods of Co-operation appropriate to English, Scottish, or Welsh agricultural conditions.

After 1900, indeed, the attempt was made. In that year Mr. W. L. Charlton, of Newark, founded the Agricultural Organisation Society, and after this body had absorbed the National Agricultural Union in 1901 there was for a time a rapid spread of English and Welsh Agricultural Co-operative Societies for the supply of farm requisites. The Co-operative Union took part in the work of the A.O.S. in England and Wales and was represented on its governing body, and in 1905 a similar body was formed in Scotland. By 1909 there were 145 Agricultural Distributive Societies in England and Wales with a turnover of nearly £1 million, and thirty-one in Scotland with a turnover of nearly £250,000. The spread of the movement was stimulated by the encouragement given to small holdings by the Liberal Government after 1906, and the passing of the Small Holdings Act of 1908 led to the formation of a considerable number of new Societies. But Co-operation made no headway among the bigger farmers, and did not attract any large measure of loyalty even from those farmers who did become Co-operators. It never came to occupy in the British countryside a position at all analogous to that to which it attained in Ireland. It was, indeed, never really thought out in terms appropriate to most British farmers. Methods of Co-operative selling in particular came to be applied to British farming on any substantial scale only when the State entered the field in 1931 with the first Agricultural Marketing Act; and there is a wide distance between such State-organised marketing based on compulsory powers and what is ordinarily thought of as Co-operation.

When Pankett began his crusade in Ireland either there or in Great Britain about the development of Co-operation in other countries. There had, indeed, been at the first a strong current of international idealism among the promoters of Co-operation. Robert Owen's aspirations had been essentially international, and there were close associations between some of the English Owenites and the followers of Charles Fourier, whose English disciples were organised in the 'thirties in a Society led by Hugh Doherty. J. M. Ludlow and, through him, the rest of the Christian Socialist group had been strongly influenced by the Co-operative ideas of Buchez and Louis Blanc, and during the period after 1848, when a host of foreign exiles had their temporary homes in England, there were intimate relations between some of them—including Mazzini—and the British Co-operative leaders. Foreign Co-operators from Germany, France, Italy, and Denmark (Pastor Sonne himself—the original inspirer of the great Danish Movement) attended the first of the modern series of Co-operative Congresses in 1869.

After that, however, the international interests of the British Movement appeared for a time to be dying down. The exiles went back home, and Co-operative Movements began to grow steadily in a number of foreign countries, partly on the Rochdale pattern, but also partly on quite different lines, especially in the primarily agricultural areas. But these developments seem to have passed almost unremarked by most of the British Co-operators, though individual leaders such as Neale and Holyoake did their best to keep the interest alive. Occasional foreign visitors came to Rochdale or Manchester on pilgrimage to the Co-operative fountain-head, and took back suggestions and inspiration for the development of Co-operation in their own countries. But contact remained wholly unorganised until 1884, when Harold Cox, returning from France, whither he had gone on a mission to study the work of the French Producers' Co-operative Societies, brought with him to the Co-operative Congress the greetings of the Co-operators of Paris, and the Congress was stimulated into setting up a Foreign Inquiry Committee to collect particulars about the development of Co-operation in other countries and to maintain informal relations with Co-operators abroad. The following year the Co-operative Union was represented at the first National Congress of the French Co-operative Movement, and at a return visit the next year Edouard de Boyve proposed that the Congress should set up an international committee at Manchester to act as a link between the growing Movements in many of the European countries. Congress toyed with the idea; but nothing further was done, and the internationalists in the British Movement grew impatient. Unfortunately at this time the battle was fairly joined in Great Britain between the "Federalists," who favoured the development of Co-operative

Production under consumers' control and were opposed to the "bonus to labour," and the advocates of Producers' Co-operation, who included the leading advocates of internationalism. The internationalists had indeed shown much more enthusiasm in studying the foreign development of Producers' than of Consumers' Co-operation, and the main contacts which they had established with Co-operators abroad had been with men who were chiefly associated with the foreign Producers' Societies. The main body of British Co-operators, on the other hand, were interested principally in the Store Movement and felt no great desire to get linked up with the continental Societies of Producers. As a consequence the two issues became hopelessly confused. In 1892 Neale, Holyoake, Greening, Joseph Greenwood, and others set up the International Alliance of the Friends of Co-operative Production, designed to link together internationally the advocates of Producers' Co-operation and of the "bonus to labour," and based on making the "bonus to labour" a test question of Co-operative orthodoxy. The Co-operative Union consequently refused to have anything to do with the Alliance unless it could be broadened out to include the Consumers' Movements of the various countries; and the deadlock was not ended until 1895, when the original promoters at length gave up their point and agreed to an attempt to create an "all-in" international federation. As an outcome of this change of front an International Co-operative Congress held in London in 1895 founded the International Co-operative Alliance. The same year the Co-operative Union reconstituted its Foreign Inquiry Committee as the International and Foreign Inquiry Committee, which henceforth served as the British centre in connection with the work of the Alliance and of international Co-operation generally.

The International Co-operative Alliance was created, not as a federation of national Co-operative Movements, but as a body to which any bona fide Co-operative organisation of any kind was free to affiliate. Until 1902 the Alliance also admitted individual members, but in that year further admission of individuals was suspended, except in countries in which Co-operation was too backward to render possible a collective form of representation, but no fundamental change was made in the basis of affiliation.* In many countries the Co-operative Movement was still not organised on any inclusive national basis, and there were separate or rival movements representing distinct political tendencies or religious groups. In these circumstances it was impracticable to designate a single national body to represent each country, and the easiest way of building up the International Co-operative Alliance appeared to be that of admitting any applicant Society, national or local, that could put forward a reasonable claim. In the case of Consumers'

* Individual membership of the I.C.A. was not finally eliminated until 1921.

Societies what was required was some sort of adherence to the essential "Rochdale principles," especially that of open membership. No such simple test could be applied to Producers' Societies or to Agricultural Co-operatives, and in dealing with Societies of these kinds the governing committee of the I.C.A. had to rely mainly on common sense. Between Congresses, which were intended to be triennial, discretion rested with the governing committee, which remained throughout the early years purely British in composition.

The International Co-operative Alliance made but slow progress. It did, however, at least serve the purpose of making the leaders of the Movement in the various countries better acquainted with one another's doings, and it also helped to foster closer relations between the C.W.S. and the national movements of the countries in which it had set up depots for the purchase of supplies. To a very limited extent trading began to take place between Co-operators of different countries, the C.W.S. selling to foreign Co-operative Societies as well as buying from them when a chance occurred. Such transactions were, however, on quite a small scale, and though much was said and written about the possibilities of inter-Co-operative trading nothing much happened in practice until a time considerably later than I am dealing with in this chapter. In general the Co-operators of the agricultural countries were concerned mainly with strengthening their position in the world market as a whole rather than with building up special relations with the Consumers' Movements of the industrial countries, while the Consumers' Wholesale Societies were more concerned with developing production under their own auspices and with establishing their own buying agencies in foreign countries than with driving special bargains with the agricultural movements or with one another. Slowly Co-operation was broadening out into a world-wide Movement, but on the practical side the process of growth was sporadic, and development was held back by the mutual suspicions of the leaders of the Store Movement on the one hand and the farmers' movement on the other, as well as by the political and religious difficulties which stood in the way of national consolidation. The obstacles to close collaboration between the British and the Irish Movements were reproduced elsewhere, and the latent conflict of philosophies between the protagonists of Consumers' and Producers' Co-operation stood in the way of any clear declaration of the principles on which international Co-operative relations ought to rest. Not until 1907 did the International Co-operative Alliance settle down to any steady course of action. In that year William Maxwell, of the Scottish Co-operative Wholesale Society, became president of the Alliance, and Hans Müller secretary; and in 1908 the I.C.A. began to publish in English, French, and German a monthly *Bulletin* which soon achieved a considerable educational effect. Even thereafter it was not in a position to exert any great

influence over the course of development in the various countries. The national and sectional Movements went their several ways without paying much attention to it, and its occasional Congresses served rather to promote the growth of mutual knowledge than to create any uniformity of practice. Still, the better knowledge of each Movement about the others was clear gain, and the Alliance gained steadily in prestige up to 1914, when it was temporarily shattered by the outbreak of war. At the Glasgow International Congress of 1913 the Co-operators of the assembled national Movements had resolved that "it is in the interests of the Co-operators of all countries to do their best to uphold peace," and there was throughout the first world war a strong current of pacifism in most of the Movements associated with the I.C.A. This, however, was no more effective than the pacifism of other working-class bodies. When the moment of disaster came World Co-operation was helpless to prevent the brotherhood of the peoples from being torn asunder by the sinister forces which provoked the war.*

* For a fuller treatment of the I C A see Chapter XXI

XV.

CO-OPERATION BEFORE AND DURING THE FIRST WORLD WAR

Between 1900 and 1914 the number of Co-operators grew steadily, and there was a marked increase in the average size of the distributive Societies. In 1900 there were 1,439* distributive Societies with 1,707,000 members—an average of 1,186; by 1914 the corresponding figures were 1,385 Societies and 3,054,000 members, with an average of 2,205. By 1919, on the morrow of the first world war, the number of Societies had further decreased to 1,357, whereas membership had risen to 4,131,000, giving an average of 3,045 members for each Society.

Retail trade amounted to just over £50 million in 1900, £88 million in 1914, and £199 million in 1919—when, of course, prices were considerably inflated. Average sales per member were £29 in 1900, about the same in 1914 at a higher price level, and £48 in 1919 under the inflationary conditions at the end of the war. C.W.S. net sales were £16 million in 1900, £35 million in 1914, and £89 million in 1919; and for the Scottish C.W.S. the corresponding totals were £5,500,000, £9,500,000, and £24,750,000.

These were notable increases, even after allowance has been made for the changes in prices. The Co-operative Movement was steadily consolidating its position and was extending its influence over a larger part of the population as the Societies, by now firmly established, set up more branches and covered effectively a larger area. As against this, trade per member did not fully maintain itself in real terms, despite an increase in the range of Co-operative products and the opening of new departments in many of the Stores. There was heavier competition to be faced from the multiple shops and the big department stores, which were increasing fast at the expense of the smaller local shops, and there was less of the old feeling of Co-operative loyalty in many areas as the Movement grew. In some Societies the maintenance of a policy of high prices and high dividends checked not only the increase of membership but also the range of purchases at the Co-operative Stores; in others the existence of overlapping Societies led to stagnation as well as to an increasing amount of friction.

In general the history of the Co-operative Movement between 1900 and 1914 was uneventful. No great changes were made in its structure or methods of government, and there were no new developments comparable in importance with the foundation of the Women's

* The number of separate Societies reached its highest point (1,455) in 1903, and thereafter began to fall.

Guild or the spread of the Movement in Ireland during the preceding decades. These earlier events retained their influence, and I have in earlier chapters, for the sake of continuity in the narrative, already carried the account of them well into the new century. Thus we have seen already how the Women's Co-operative Guild campaigned for an extension of Co-operative trading in the poorer neighbourhoods, and how the Sunderland experiment ran its brief, significant course.* We have seen too how the Agricultural Co-operatives in Ireland went on growing.† We have seen how the Women's Guild interested itself in the suffrage question and took up actively the question of the relations between Co-operation and Trade Unionism,‡ and how this problem became of increasing importance as a result of the revival of Trade Union activity which followed the Trade Disputes Act of 1906.§

As against this it has seemed best to defer to a later chapter the story of the growth of Trade Unionism among Co-operative employees, of the movement for nationally recognised scales of wages, and of the development, after a troublous period, of special machinery for collective bargaining appropriate to the particular needs and conditions of Co-operative employment.|| Apart from the general growth of membership in the distributive Societies the outstanding feature of Co-operative development in the years before the first world war was the expansion of the C.W.S., which grew steadily both by building new factories and depots of its own and by taking over a number of the independent productive Societies which had been previously controlled largely by federal investments of the retail Societies. Thus the old-established Rochdale Flour Mill and the Star Mill at Oldham were both taken over by the C.W.S. in 1906, and in the same year the C.W.S. bought the Sun Flour Mill, thus greatly increasing its total milling capacity and becoming one of the largest flour-milling concerns in the world. This expansion made easier the development of relations with the Agricultural Supply Societies, which became considerable customers of the C.W.S. for feeding stuffs based on wheat offals. The C.W.S. had first considered the setting up of a separate agricultural department in 1903. This was not formally done until 1914, but before that the trade in agricultural requisites had substantially increased.

Wholesale Co-operation expanded also in the fields of insurance and banking. The Co-operative Insurance Company, which had been reorganised and had become the Co-operative Insurance Society in 1899, was taken over by the two Wholesales acting together in 1912-13, and a long controversy over its relations with the C.W.S. Insurance Department was brought finally to an end. In 1917 it was further enlarged by the absorption of the Planet Insurance

* See page 222.

† See pages 241-253.

‡ See page 219.

§ See page 189.

|| See page 335 *et seq.*

Collecting Society, and developed into a big concern with its own large staff of agents and collectors. In 1912, after the passage of the National Insurance Act, the C.W.S. set up its Health Insurance Section and began to undertake Approved Society work on a considerable scale.

The C.W.S. Banking Department also expanded. A special, and in general a successful, effort was made to persuade Trade Unions and other working-class bodies to bank with it as a part of the campaign for closer unity between the two Movements, and in 1910 the Banking Department also began to accept deposits from individuals and to develop a wider range of facilities designed to attract individual depositors. By 1912 the Banking Department's annual turnover had risen to £158 million. It was of great advantage to Societies in keeping its loan rates steady at times when outside rates rose sharply owing to speculative excess, and its use to the Trade Unions was amply demonstrated during the great strikes of 1911 and 1912, the coal strike of 1912 alone involving a drain on its funds to the extent of £750,000. The Banking Department also from 1907 onwards revived a practice, originally started in 1897, of making advances for house-building to members of the Movement. The advances, up to 75 per cent of certified value, were made to the individual through his local Society at a gross charge of about 4 per cent—much below the rates at which similar advances could be at all widely obtained elsewhere. Between 1907 and 1912 the C.W.S. advanced over £360,000 to 1,148 individual borrowers under this scheme. The figure may seem small in relation to the scale of Building Society business in recent years, but it has to be related to the low level of building activity in the years before the outbreak of the world war of 1914.

The C.W.S. constitution underwent considerable changes during the period under review. In 1906 it was agreed that the separate branch committees in Newcastle and London should be abolished, and that there should be for the future a single executive covering the whole country, divided into functional instead of geographical sections but meeting weekly by turns in Manchester, Newcastle, Manchester again, and London. Nominations were still to come from the various areas, but voting was to be by the entire national electorate. The salary of the directors was fixed, none too generously, at £350 a year.

The Scottish C.W.S., as we have seen, also grew rapidly between 1900 and 1914. In 1900 the two Wholesales—after an informal beginning in 1890—formally established their joint tea committee, which was rapidly expanded and was later responsible for the purchase of extensive plantations in India and Ceylon. In 1910 the S.C.W.S. instituted a new departure by setting up its own retail

Store in Elgin—the forerunner of others in a number of the more sparsely populated Highland districts. It also acquired in 1904 the 1,125 acres of the Calderwood Estate, including Calderwood Castle, which was transformed into a Co-operative Museum, the estate itself being developed largely for fruit and vegetable production under glass as well as for general farming. Productive developments continued at Shieldhall,* and the S.C.W.S. also took over a number of previously independent Productive Societies.

The Co-operative Union and the annual Co-operative Congress went on their way on the whole placidly during this period of uneventful growth. The Congress of 1900 recommended Societies to take steps to establish Store branches in poor neighbourhoods, and this decision led to the special inquiry made into Co-operative prices by the Women's Co-operative Guild during the following year, and to the abortive Sunderland experiment. In 1906 J. C. Gray, the secretary of the Co-operative Union, raised at the Birmingham Congress the question of reorganising the entire distributive movement into a single National Co-operative Society, of which the existing Societies would have become the local branches; this proposal stirred up a lively discussion, in the course of which it was made abundantly clear that the local Societies had no intention of surrendering their autonomy. Gray's suggestion did, however, have some effect in focussing attention on the problem of overlapping between rival and neighbouring Societies, and something was achieved in the way of amalgamations and zoning agreements. No fundamental changes, however, were made, and the individual Societies retained full "sovereignty" in their own hands.

In 1909 the Co-operative Congress, under pressure from the Women's Guild, declared in favour of votes for women, and in 1911 the Co-operative Union opened its new headquarters in Holyoake House, Manchester. In the latter year the Union also revised its voting rules and substituted a flat rate of subscription, based on membership, for the much more complicated system which had previously prevailed. The growing attacks on Co-operation by private traders led to the establishment of a defence fund administered by a special committee of the Union, and in other directions there was a considerable extension of its work as a central advisory body for the Movement as a whole. Its educational work also developed. The education department of the Co-operative Union had been organised in 1898, in connection with the changes in the educational structure of the Movement which accompanied the establishment of the Union's Central Education Committee,† and from that date the Co-operative Union gradually extended its educational work, especially in meeting the demand for technical courses for Co-operative employees. Classes in economics were started in 1906, classes

* See page 211.

† See page 236.

in Co-operative subjects for adolescents in 1908, and the following year the annual conference of Co-operative teachers which had been held previously for some years under the auspices of the Central Education Committee was broadened out into an Easter Week-end Conference attended by persons interested in all aspects of Co-operative educational work. In 1909 the education department also organised its first foreign tour, designed to bring British Co-operators into touch with the institutions and Co-operative Movements of other countries. The Easter Week-ends, by bringing together representatives both of the Co-operative educational committees and of the various auxiliary bodies interested in the development of the educational work of the Movement, helped to introduce greater unity into the educational activities of the local Societies. These gatherings led up to the first Co-operative Summer School held in 1913, and to the appointment in the following year, in the person of Fred Hall, of an educational director called an Adviser of Studies, who promptly began to agitate for the setting up of a Co-operative College.

The idea of a Co-operative College was by no means new; it had been mooted in Owenite days, when Charles Fry of Liverpool had proposed that the surplus of the Wholesale Purchasing Agency* should be used "to found a school or college for the benefit of the Co-operators," and another well-known Co-operative advocate, Reynolds, had proposed "to erect, purchase, or rent within a few miles of London premises sufficiently capacious to form a Co-operative college, to which the members of all the Societies throughout the country might send their children to be educated." Peter Baume, the eccentric Co-operative Socialist who owned land in the neighbourhood of King's Cross on which a number of abortive Co-operative ventures were tried out, a little later made an offer of land and endowment for a suitable college plan; and the Queenwood Community in Hampshire actually included an Owenite school.

These early projects were in most cases intended for the education of children or adolescents rather than adults, and were part of the general preoccupation of the Owenite Co-operators with projects of educational reform. The idea of a Co-operative College was revived in the same form by the old Owenite, William Pare, in the 'sixties, both in articles in Henry Pitman's *Co-operator* and at the first modern Co-operative Congress held in 1869. At this same Congress Auberon Herbert, the Radical M.P. and advocate of "voluntaryism," made the different proposal that the Co-operative Movement should found a college designed specifically for the training of its own managers and officials, not only in technical subjects but also in a clear understanding of the spirit and purpose of the Movement. This notion was kept alive at subsequent Congresses by Hodgson Pratt and

* See page 128.

others, and in 1890 the Educational Committee of the Union positively recommended the establishment of "a Co-operative school or college in which, besides the ordinary courses of instruction, there should be a distinctive and systematic teaching of Co-operative principles somewhat on the lines successfully marked out and pursued by Robert Owen at New Lanark." Nothing concrete came of this, but at later Congresses E. O. Greening and W. R. Rae (long the chairman of the Central Education Committee) pleaded for action, and in 1912, at the Easter Week-end Conference held at Leicester, Fred Hall went further and put forward definite proposals for the immediate establishment of a College on the lines suggested in 1890.

Not content with mere advocacy, Hall founded a propagandist group to push the college project, under the name of the College Herald Circle, which began to publish a regular little paper, *The College Herald*, in furtherance of the plan. This led up to Hall's appointment in 1914 as Adviser of Studies to the Co-operative Union, but when he took up his duties in 1915 the outbreak of war had made it impracticable to proceed at once with setting up the College. All that could be done was to make a small start with organised classes for part-time Co-operative students at Holyoake House, the headquarters of the Union, and to get ready to make a proper start as soon as possible after the war.

In the meantime the Women's Guild had been very active. In 1908, while it was in the thick of its campaign for a living wage for Co-operative employees, it received its first grant of money from the Co-operative Union. Two years later the Women's Guild started a keen controversy in the Movement by taking up the question of divorce law reform in the interests of the working-class woman. The Guild pointed out that the costs of divorce were so high as to put the facilities for it quite beyond working-class means, and demanded the reduction of these costs by the simplification of the legal process. This roused the Roman Catholics, who were strong in many of the Lancashire Societies, to energetic opposition on the ground that the Guild was violating the principle of religious neutrality. The Co-operative Union, fearing serious trouble, requested the Women's Guild to abandon its campaign under threat of losing its annual grant, on which it largely depended for meeting the expenses of its central office. The Guild stood firm for its right to take up any question which it considered to be of vital importance to working-class women, and persisted in giving evidence before the Royal Commission set up to consider the problem. Finally a deadlock was reached, and in 1914 the Guild's grant was withdrawn because of its refusal to accept the proposed conditions. This suspension of grant, which continued until 1918, made matters very difficult for the Women's Guild. Grants continued, however, to be received by it from the C.W.S. as well as from a large number of local Societies, and it not

merely weathered the storm but increased in membership and influence. An Irish Women's Guild was formed in 1906 as an auxiliary to the Irish Agricultural Organisation Society, and in 1911 a National Co-operative Men's Guild was brought into existence in Great Britain as a male counterpart to the Women's Guild, and set out to achieve a comparable membership and prestige. The male Co-operators, however, were not in the same need as the women of a special body to develop their powers of corporate action, and the Men's Guild concentrated on educational and propagandist work within the Co-operative Movement, and did not, like the Women's Guild, branch out into general questions of social and political reform.

Agricultural Co-operation, as we have seen, took little hold in Great Britain during the period when it was developing fast in Ireland under the stimulus provided by the Irish Agricultural Organisation Society, and the establishment of the Agricultural Organisation Society in Great Britain in 1900-1901 did not have much immediate effect. The Scottish A.O.S. separated from the parent body in 1905 and speedily acquired a position of greater influence. In 1906 there were attempts by the A.O.S. and the Co-operative Union to stimulate inter-trading between the Agricultural Societies and the Consumers' Movement, but nothing much came of them. The enactment by the Liberals of the Small Holdings and Allotments Acts of 1907-8 gave something of a fillip to Agricultural Co-operation in England and Wales and Scotland, and there was a steady development of Agricultural Supply Societies from that time on until 1914. In 1908 the Co-operative Congress passed a further resolution in favour of the development of mutual trade between the Agricultural and Consumers' Movements, and in 1910 it requested the C.W.S. to set up a special department for agricultural trading in such a way as to allow representation to the Agricultural Societies. The C.W.S. did set up a fat stock department, but differences of opinion developed over major questions. The Agricultural Societies wanted the C.W.S. to refrain from buying agricultural produce through commission agents and to give them practically a guaranteed market, whereas the C.W.S. insisted that it must have assured supplies on an adequate scale, with reasonable guarantees as to quality and at prices not greatly above those at which it could buy in the open market. On these issues the immediate discussions broke down, and it was not until after the outbreak of war that organised inter-trading relations were developed between the Agricultural Societies and the Wholesales.

In Scotland the organisation of Agricultural Co-operation encountered fewer obstacles than in England, where the hostility or apathy of the larger farmers stood formidably in the way. In 1907 the Scottish A.O.S. took over the Scottish National Poultry Organisation Society, and for a few years its success was considerable.

Then in 1913 came a split. A new body, the Scottish Small Holders' Association, came into being and proceeded to set up a subsidiary called Scottish Central Marts, with its own retail shops for the sale of the small holders' produce. A Scottish Central Land Bank and a Scottish Insurance Society for livestock soon followed, and these agencies remained in independent existence until the collapse of the Scottish Central Marts in the course of the post-war slump.

In the meantime the quarrel between the C.W.S. and the Irish Agricultural Organisation Society was settled by the agreement of the C.W.S. in 1909 to hand over its Irish creameries to independent Societies formed under the ægis of the I.A.O.S.

In 1914 the Co-operative Congress met in Dublin. The Irish Conference District of the Co-operative Union had been separated from the Scottish Section in 1904, but no great progress had been made by Consumers' Co-operation in Ireland, except in Belfast. It was no doubt hoped that a meeting in Ireland would serve as a stimulus to the Movement, but the conditions were not favourable and the outbreak of war later in the year made them even less so. The principal act of the Dublin Congress was the setting up, on the initiative of the Northern Sectional Board of the Co-operative Union, of the General Survey Committee, prompted to some extent by criticisms of the Movement advanced by Mr. and Mrs. Sidney Webb in a Report on the Co-operative Movement which they prepared for the Fabian Society's Research Department in 1913.* It was originally intended that the Survey Committee should make, with the aid of outside experts, a full study of Co-operation in all its aspects, and should represent all sections of the Movement; but the C.W.S., on the ground of the inadequate representation offered to it, refused to take part, and Miss Llewelyn Davies withdrew as a result of the dispute between the Women's Guild and the Co-operative Union. The outside experts were never called upon, and the committee, pursuing its labours under the difficulties created by the war, relied on the members of the Co-operative Union's Central Board and other established committees of the Movement. The Survey Committee sat for five years, right through the war period, producing interim reports in 1916, 1917, and 1918, and a final report in 1919, on which a Special Congress was held the following year. Fred Hall, baulked in his desire to get on immediately with the establishment of the Co-operative College, threw his energies into the work of the Survey Committee, and took a large part in the preparation of its voluminous reports.

The outbreak of war in 1914 did not at first greatly affect the position of the Co-operative Movement. Membership of the retail

* It was published in two Supplements to *The New Statesman*, dealing respectively with Producers' and Consumers' Co-operation. Most of the second Supplement was later incorporated into Mr. and Mrs. Webb's book on *The Consumers' Co-operative Movement*, published in 1921.

Societies continued to rise at a substantially faster rate than during the preceding years, and the value of retail sales advanced fast under the combined influence of rising prices and increasing membership. There was in the early part of the first world war no such extension of State control over industry and trade as was instituted immediately in 1939. The Liberal Government pursued as long and as far as it could a policy of *laissez-faire*. No Food Controller was appointed until 1917, and rationing was brought in only gradually during the latter stages of the war under the pressure of the intensive submarine campaign. Consequently, the war in its early stages provided abundant opportunities for profiteering.

The Co-operative Movement, during the entire war period, did all it could both to uphold the consumers' rights and to place its resources at the disposal of the Government for meeting war-time needs. The factories of the Wholesales and of the Producers' Societies executed large orders for army boots, clothing, and other supplies at the lowest possible prices, and in its dealings with the consuming public the Movement steadily lagged behind private traders in taking advantage of war shortages to advance prices, and, wherever it could, checked the rises imposed by its trading competitors. The Government, so far from showing any appreciation of the potential value of the Movement as an instrument of war-time control, treated it right up to 1918 with studied neglect. Control, where it was imposed, was placed almost always in the hands of private trading interests, and Co-operators were regularly excluded from any share in the commercial agencies which began by advising the Government departments and were one by one elevated to the status of official "controls." The rationing of scarce supplies of sugar, wheat, and other necessities to manufacturers and traders was administered in most cases on the basis of a "datum line" in accordance with pre-war orders. As Co-operative membership was growing fast this operated to the increasing disadvantage of Co-operative consumers, who had to share out a fixed ration among an ever-greater number of mouths. The Co-operative leaders claimed that recognition ought to be given to the fact that their Movement had been rapidly increasing its membership before the war, and that it ought to be rationed on the basis of its actual and not of its pre-war numbers, but the strong opposition of the private trading interests which had the ear of the Government could not be overcome.

Co-operative representatives served from the outset on the War Emergency Workers' National Committee, the national co-ordinating body set up by the working-class movement to protect the interests of the common people; and both this body and the Co-operative Parliamentary Committee made continual protests against the Government's refusal to take effective control of the situation. The Co-operative Societies wanted the Government to introduce individual

rationing early in the war in order to secure a fair allocation of supplies. They wanted effective price-control, administered directly by the Government and not by private interests. They wanted the Government to recognise that the Co-operative Movement was not just one trading agency among many, but a Consumers' Movement standing for the principle of service and not for profit, and therefore eminently qualified to meet the needs of the consumers under war-time conditions of scarcity; but neither Cabinet Ministers nor civil servants—to say nothing of the representatives of vested interests who were soon ensconced in all the Government departments dealing with war supplies—were prepared to recognise that there was anything to differentiate the Co-operative Societies from other traders—unless, indeed, it were something to the Co-operators' disadvantage.

When sugar rationing—the first hesitant and long-delayed step towards a system of personal rationing that ought to have been introduced much earlier than it was—came in at last in 1917, the Co-operative Movement found itself with nearly nine-and-a-half million registered consumers. In many areas the Co-operative Societies had run well ahead of the Government in issuing sugar tickets to their members, in order to secure a fair allocation of the limited supplies. Indeed, from the very beginning of the war many Societies had endeavoured to apply the principle of limiting supplies to their members, and had thus prepared the way for the system which the Government was at last compelled reluctantly to introduce.

It would be of no profit now to resurrect the details of the prolonged struggle of Co-operators during the first world war to secure fair treatment for the poorer sections of the consuming public. Undoubtedly these efforts added greatly to the Movement's prestige, and at last they secured a considerable measure of recognition. When—with Lord Rhondda as Food Controller in succession to Lord Devonport, the wholesale grocer who was first appointed to the post, and with Mr. J. R. Clynes in office as Parliamentary Secretary to the Ministry of Food—a saner policy was at length adopted, the Co-operative Movement came to some extent into its own. A number of leading Co-operators became temporary officials of the Ministry of Food, and Co-operative representatives were appointed to many of the control committees, including the Royal Commission on Wheat Supplies, from which they had previously been excluded. The Consumers' Council, appointed in January, 1918, to advise the Ministry, included a strong Co-operative contingent, and the bitterness which had been engendered during the earlier war years was to a considerable extent assuaged. Not that the Co-operative Movement even to the end ever considered that it had been fairly treated, for its distinctive position as a non-profit-making agency and the only real representative of the organised consumers was never fully recognised. Still, to a great extent the

treatment accorded to it did improve, and its leaders co-operated loyally with the Ministry of Food in endeavouring to remedy the disastrous errors of the earlier war years.

The greatest grievance of Co-operators arose when, on the institution of the tax on excess profits, it was proposed to make them subject to this impost on the same terms as the private traders. They contended vainly that the surpluses realised by Co-operative mutual trading could not fairly be regarded as equivalent to the profits of private trade, and, when this argument was rejected, that at any rate full account ought to be taken in assessing the tax of the increase in membership so as to allow them to maintain their dividends on purchases at the pre-war rate in the pound. This too was rejected, and the surpluses of the Co-operative Societies were made subject to excess profits duty on a basis which allowed the maintenance only of the pre-war amount of dividend and not of the pre-war rate per pound. The imposition of E.P.D. under these conditions was bitterly resented, and both the Wholesale Societies and many of the retail Societies took steps to counter what they regarded as an unfair charge. They were in a position to do this by keeping down prices so as to reduce dividends almost to vanishing point, or even to trade at a loss. The C.W.S., which had to pay nearly £1 million in excess profits duty in 1916 and 1917, kept its prices so low in 1918 as to achieve a trading loss when high profits were being made by practically every private trader. This entitled it, under the averaging system which then applied, to recover the whole of the tax which it had paid. Many other Societies pursued a similar policy, and thus both defeated the attempt to tax them and successfully demonstrated the vital difference between Co-operative and private trade. Co-operators could afford to carry on trade at cost price because profit was not their object. Private traders, who were in business for profit, could of course do no such thing. The demonstration of the vital difference between Co-operative surplus and private trading profit was thus complete, but the anger of the private traders was none the less intense.

It is, indeed, a very difficult question whether the Government was theoretically right or wrong in making Co-operative surpluses subject to tax. If the tax had been in reality a tax on profits the Government would have been demonstrably wrong, but it was in effect much more nearly a tax on turnover designed to restrict war consumption. If it had been frankly imposed as a tax on turnover the Co-operative Societies would plainly have had no case for resisting its application to their trade. They could legitimately have argued that it was a bad tax, and that the Government would have been much better advised to control prices so as to avoid the making of excessive charges, but they could not have contended that Co-operative turnover should be exempt. The Government, however, chose to

tax not turnover directly but excess profits, and thereby provided Co-operators with a fully legitimate means of escape; for if they chose to abandon their dividends and sell as nearly as possible at cost price—which they were fully entitled to do—there would be no surplus to be taxed. In the long run as a consequence of this policy the Co-operative Movement did not make a large contribution to the yield of E.P.D., but this did not prevent it from resenting bitterly the way in which it had been treated.

The outstanding result of the agitation over E.P.D. was the reversal of the Co-operative Movement's attitude in the matter of political neutrality. Just before the outbreak of war, proposals for closer unity between the Co-operative and Labour Movements had been rejected by the Co-operative Congress because of the fear that the neutrality of Co-operation in politics might be endangered. In 1917, in its mood of resentment against the Government both over E.P.D. and over its treatment in other respects, the Co-operative Congress reversed its earlier decisions and decided in favour of seeking direct Co-operative representation in Parliament and on the local authorities, as well as on all bodies responsible for the war-time control of industries and services vitally affecting the consumers' interests.

The Co-operative Representation Committee, established as a result of the decision of 1917, was the nucleus from which sprang the Co-operative Party. But this development did not come at once. There were, even in face of the Government's treatment of Co-operation during the war, strong differences of opinion about the expediency of the Movement entering into politics. Political neutrality had been regarded as one of its fundamental principles, coupled with religious neutrality right from the days of the Rochdale Pioneers; and many old Co-operators expressed fears that any departure from this principle would rend Co-operation asunder. In a number of other countries there were several rival Co-operative Movements attached to different political parties or religious groups, and the opponents of political activity uttered loud warnings of the dangers into which the Movement was running. Actually the Consumers' Co-operative Movement in many parts of the country had through its leading figures very close ties with Liberalism and with Nonconformity, which were still strongly allied in 1917. Had the Liberal Party not been divided into warring factions—Asquithites and Lloyd Georgeites—and in process of disintegration under the impact of war, the opposition to Co-operative political action would have been much more formidable than it actually proved to be. It was, however, strong enough to prevent Co-operators from taking in 1917 any decision to set up a definite party of their own. Just as the movement for Labour representation had begun in 1869 with a Labour

Representation League that sought merely to promote the return of working men to Parliament, and had stopped short even in 1900, when the Trade Unionists and Socialists joined forces to found the Labour Representation Committee, of creating a definite new party,* so now the Co-operators went only so far as to create a Co-operative Representation Committee, without equipping it with any definite programme or deciding at all clearly what it was to do. The C.R.C., indeed, was attached in the first instance to the Co-operative Parliamentary Committee, the body which had the task on behalf of the Movement of watching the progress of legislation and administration, lobbying Ministers, and bringing pressure to bear on Government departments in much the same way as the Parliamentary Committee of the Trades Union Congress (now superseded by the Trades Union Congress General Council) did these things on behalf of the Trade Unions.

The story of the development of the Co-operative Representation Committee into the Co-operative Party and of the party's subsequent relations with the Labour Party belongs to the period after the war and will be told in its place.† The essential point to observe here is that what brought the Co-operative Movement into politics was not a conscious will to unite on a common political programme or to form a new party in any ordinary sense, but a feeling of acute grievance and a disbelief that Co-operation could ever look for fair treatment from Governments unless it took matters actively into its own hands. The only way of combating the predominant influence of the private trading interests seemed to be that of forcing the door leading to recognition by announcing an intention of fighting its own battles all along the political front.

Within a few months of the decision to enter into politics the position of the Co-operative Movement in relation to war-time control of industry and trade began signally to improve. We have seen how Lord Rhondda and Mr. J. R. Clynes during the final year of the war did all they could to bring the Co-operative Movement into closer association with the Ministry of Food and, through the Consumers' Council, to give its official representatives a chance of making their influence felt. This change of attitude on the part of the Government did something for the time to temper the Movement's political zeal and to slow up the development of the Co-operative Representation Committee. In 1918 inflation and profiteering in the food trades were to a great extent brought under effective control. Prices for most goods ceased to rise, and many of the measures which Co-operators had been advocating from the very beginning of the war were carried tardily into effect. Mr. E. F. Wise, Mr. E. M. H.

* For the full history of these developments see my book, *British Working-class Politics, 1832-1914*.

† See chapter XIX.

Lloyd, and other administrators at the Ministry of Food and in other war departments dealing with consumers' supplies were good friends to the Co-operative Movement, and a quite different spirit came to prevail. Only when the war was at an end and the Government yielded precipitately to the clamour for an immediate removal of the "controls" did inflation and profiteering set in again on an even more formidable scale than before. The effect was to drive the Co-operative Movement once more into sharp opposition, and to bring about a revival of the sentiment in favour of Co-operative political action.

It remains to mention only a few isolated developments of the period between 1900 and 1918—points which could not conveniently be fitted into the foregoing general narrative. In 1904 the Co-operative Insurance Society, soon to pass under the joint ownership of the Wholesales, launched its collective assurance plan, under which a Co-operative Society by payment of a collective premium based on total purchases could insure all its members individually—the sums payable at death varying with the amount of the individual's purchases over a period of years. In 1910 this collective assurance was extended to cover also the wife or husband of the member insured. In 1907 the law courts decided that savings invested in a Co-operative Society in the wife's name were the legal property of the husband. This decision provoked strong criticism from the Women's Co-operative Guild, which campaigned actively against it, but did not succeed in getting redress—witness a legal decision of 1943 which turned on a somewhat similar point.* In 1913 there was passed a new Industrial and Provident Societies Act, to which reference has been made in an earlier chapter.† An International Co-operative Conference took place in Glasgow in 1913.‡ In 1915 John Shillito, the deeply respected chairman of the C.W.S., died in harness at the age of eighty-three, after rivalling J. T. W. Mitchell in length of office. Shillito was a Halifax man, and became a C.W.S. director as early as 1870, retiring the following year. He was again elected in 1883, and was vice-chairman at the time of Mitchell's death in 1895, when he became chairman.

Between 1900 and 1918 the C.W.S. absorbed no fewer than fifteen previously independent producing Societies, most of which had been largely controlled before their absorption by groups of local Societies which had invested in their shares. The Leicester Hosiery Society was absorbed in 1903, the Huddersfield Brush-makers' Society in 1904, and the Desborough Corset Manufacturing Society in 1905. In 1906, as we have seen, the C.W.S. took over the Rochdale and Oldham Star Flour Milling Societies; and in 1915, in pursuance of its policy of consolidating Co-operative flour-milling in its own hands, it acquired the mills of the separate Corn Mill

* See page 184.

† See page 123.

‡ See page 356.

Societies at Halifax and Sowerby Bridge and in the Colne Valley. To these were added in 1917 the old-established Hull Corn Mills. In addition, the Keighley Ironworks, the Dudley Bucket and Fender Works, and the Birtley Tinplate Works were taken over from independent Societies in 1908; the Delph Woollen Manufacturing Society was absorbed in 1917; and in 1918 one of the most famous of all the Producers' Societies, the Hebden Bridge Fustian Manufacturing Society, also lost its identity in the C.W.S. In 1916 the C.W.S. acquired its first colliery—at Shilbottle, in Northumberland. Co-operative coal-mining had been long under discussion and had been pressed on the C.W.S. directors ever since 1902, but the experience of the Co-operative collieries in the 'seventies had not been forgotten, and there was strong reluctance to embark on a branch of production which it was widely felt ought, in accordance with the policy urged by the Miners' Federation, to be taken over by the State.

In 1916 the C.W.S. established its own journal, *The Producer*, to put the Co-operative case in matters of trade policy and war-time control. It also set up in that year its milk department, and greatly expanded Co-operative activity in milk production and distribution during the later years of the war. In 1917 it set up its own department for technical research into consumers' goods. In 1918 it instituted holidays with pay for its employees, and, in order to finance the rapid expansion of its work, made its first issue of C.W.S. development bonds, which was repaid in 1924. During this same year the Agricultural Organisation Society started its own wholesale agency—the Agricultural Wholesale Society—which led to some friction with the C.W.S. during the ensuing years. In 1918 the Scandinavian Co-operative Movements launched their Wholesale Society, which speedily entered into close relations with the English and Scottish Wholesale Societies. Finally, the Co-operative Union's grant to the Women's Guild, which had been cut off in 1914 owing to the dispute over the Guild's right to campaign for divorce reform, was restored for the year 1918–19, and an unfortunate quarrel was brought to an end without any submission on the part of the Guild, which retained its freedom to take up such questions as it might choose.

FROM WAR TO WAR

Great Britain emerged from the first world war a victor, but with an economic and political system badly out of joint. The great Liberal Party, which had ruled the country from 1906 to 1914 and had provided the two Prime Ministers who took charge of the country's fortunes during the war, was in ruins ; and though the two Liberal factions together greatly outnumbered the Labour Party after the General Election of 1918, the inclusion of Mr. Lloyd George's followers in the Government Coalition and the disorganised condition of the Asquithite faction made Labour in effect the official Opposition and the only possible nucleus for an alternative Government. In the Parliament elected in 1918 one solitary Co-operative M.P. won a seat—in the old Co-operative stronghold of Kettering—but he promptly joined the Labour Party and counted in effect as a Labour member; and the Co-operators had in practice as yet neither a party nor a party programme of their own. Labour itself did badly in an election dominated by the personality of Mr. Lloyd George. The cries of "Hang the Kaiser" and "Make Germany Pay" went down with the unthinking ; and the Coalition's "coupon" counted for a great deal. The Labour Party, starting from a very low level, could not help winning some seats. In 1910, at the previous General Election, it had returned 42 M.P.s : in 1918 it returned 57—a number which greatly under-represented its real popular backing. Its leading members, tarred with Pacifism and headed by James Ramsay MacDonald, were defeated. It was weak in parliamentary leadership and still confused by war-time dissensions. A Coalition "Labour" Party, called the National Democratic Party, won ten seats, and then speedily melted away. There were "lost leaders," such as G. N. Barnes, erstwhile secretary of the Engineers and member of the War Cabinet ; and there were others who left the ranks of the Coalition with reluctance and were half-hearted in their allegiance to the Labour cause.

Economically the "coupon" election was a disaster. The Conservatives, who formed the bulk of the Government's following in the House of Commons, were very ready to yield to the newspaper clamour for an immediate removal of the war-time "controls" and a return to "business as usual" ; and one after another the "controls" were swept away, despite the certainty that their premature abandonment would unloose the forces of speculation and profiteering and render impossible an orderly restoration of economic conditions either at home or abroad. Goods were bound to be scarce for some time in view of shortages in war-scarred Europe, the

dislocation of British industry by its diversion to war output, and the low level of productivity which was to be expected from war-weary workers. The removal of the "controls" meant that prices were bound to rise sharply; for needs were urgent everywhere for replacing war wastage and re-equipping both industries and the consuming public with goods they had alike been forced to go without. No price would be deterrent until the more urgent needs had been met; and the lower the production the higher the prices were bound to be.

Such a situation offered abundant opportunities for speculation. Fantastic profits were made as prices soared; and a large gullible investing public was induced to believe that these conditions could remain in being and to invest in new companies which bought up old ones at ridiculously high prices, presenting vast fortunes to cynical company promoters who got out while the going was still good, as well as to the owners of the concerns which thus changed hands. There had been no such orgy of speculation before in the annals of capitalism—not in the South Sea Bubble, or the railway mania, or the boom of the early 'seventies. It was a time when any fool could make money; but it took a wiser head to keep it through the ensuing depression, of which the forewarnings were plain before the end of 1920, and the present reality became all too manifest in 1921.

Meanwhile prices rose higher and higher. The British official index of wholesale prices (1913 = 100), which had stood at 229 for 1918, rose to 315 for 1920, reaching over 330 at the peak. The official figure for the cost of living (July, 1914 = 100) was 203 for 1918 and 249 for 1920. Wage rates, which had lagged behind rising prices during the war, began to catch up as the workers insisted on getting a share in the inflated money values. By the end of 1920 they were from 170 to 180 per cent above the pre-war level. As against this, coal production was down from 287 million tons in 1913 to 230 million tons in 1920, and British exports, inflated in money value, were far lower in volume than they had been before the war. Indeed production was low almost everywhere; but for a time there was no serious unemployment. Productivity per head was low; but at the prevailing high prices that did not prevent labour from finding employers ready to take it on.

By 1921 the bubble had been pricked, and the inflationary monetary policy of the previous years was giving place to a general deflation. The bankers were crying out for a speedy return to the gold standard as the essential instrument of economic stability; and the collapse of markets and values, after the most imperative needs had been met regardless of price, afforded an opportunity for a drastic reduction of monetary supply—a reduction which became thereafter a formidable obstacle to economic revival. The gold standard was not restored in Great Britain until 1925, and the restoration came later in most of the other belligerent countries. Even

then what was restored was in effect not so much a gold as a dollar standard ; for the war had left the United States as arbiter of the world's financial affairs.

Hardly anyone, I think, now denies that it was a disastrous mistake on Mr. Churchill's part (or perhaps rather on the part of the Treasury and the Bank of England, which advised him) to bring back the pound sterling to its pre-war gold parity and thus to its pre-war parity with the United States dollar. British industry suffered severely right up to 1931 from the progressive deflation which this action involved ; and exports suffered most of all, with disastrous reactions upon coal and cotton. It had been the financiers' idea that wages, which had already been cut severely between 1921 and 1923, should be brought down further in order to lower costs to the level required by the further deflation ; but the workers, despite the defeat of the General Strike of 1926, which was itself a direct outcome of the policy of deflation, resisted wage cuts unparalleled by any equivalent fall in interest rates, and the consequence appeared in an unbalanced economic system with large patches of heavy unemployment in a number of depressed areas. I do not believe that if the workers had accepted instead of resisting the reductions unemployment would have been less. It would indeed quite possibly have been a good deal worse, owing to the destruction of working-class purchasing power in the home market. Certainly it would have been differently distributed—less in the export districts and more in the industries and areas dependent mainly on home consumers' demand. But deflation meant that unemployment was bound to be heavy, however the people reacted to it ; for it meant a fall either in exports or in the purchasing power of the home consumers, or in both. The entire policy was criminally foolish : it served no one's interests except those of a narrow financial oligarchy. It was as disastrous to many employers as it was to the workers in the depressed areas ; and it filled the whole country with a pessimistic fatalism that made against all constructive effort and encouraged the growth of monopolies which made high profits amid the general adversity by keeping their products scarce and dear.

As British industry contracted, monopoly steadily strengthened its hold. One group of capitalists after another, seizing some point of vantage, found out how to prosper by the practice of restricting supply at the expense of the general body of consumers. The Government, at its wits' end to find means of bolstering up declining and disorganised industries, turned from half-hearted opposition to monopolies to positive encouragement, even to the extent of propping them up by legislative authority. By the combined action of Labour and " National " Governments, coal, steel, and agriculture all passed under forms of licensed combination designed to enable them to maintain an artificial level of prices. The war-time methods of

control, in which the State exercised its power largely by using the associated producers and traders as its instruments, had greatly fostered the tendency towards monopolistic combination ; and the measures adopted during the depressions of the inter-war period further consolidated monopoly and cast over it the mantle of the State. The artificial maintenance of prices, accompanied by concerted limitation of output, could, of course, improve the profits of those industries and trades which were allowed or encouraged to resort to such expedients, albeit these advantages could be secured only at the expense of the consuming public. For every monopoly the State invented or fostered private capitalist groups devised a dozen. Trade Associations, with restriction as their principal instrument, established themselves firmly in one branch of production or distribution after another. The Agricultural Marketing Acts, harmless or even useful in the form in which they were originated under a Labour Government in 1931, were turned two years later by the Conservatives into dangerous engines of monopoly by the adoption of a policy of restricting food imports. Instead of seeking to reduce costs by improvements in productive or distributive technique, one group of producers or traders after another turned to restriction as the easiest means of maintaining profits in a world of deficient demand. It even began to be seriously argued, from the employers' side, that what was wrong about industry was that it had been called upon to produce too much, and that the remedy lay in curtailing output rather than in extending the market so as to enable production to be increased.

This restrictiveness was not, of course, found in Great Britain alone. There was a great extension of international cartels, in which the monopolists of a number of countries joined forces to prevent the glutting of world markets by excessive supplies, and parted out the whole world into spheres of influence within which each national group could find a restricted outlet sufficient to secure to it satisfactory profits on a limited turnover. The effect of these policies was that the producers who were least able to protect themselves by such methods went to the wall. Industrial goods of which the prices could be maintained by monopolist devices became dearer in terms of goods to which these methods could not be so readily applied. In particular, all over the world peasants and farmers suffered, finding their produce exchangeable for a smaller quantity of the goods—farm implements, manufactured fertilisers, and general consumers' goods—which they needed to buy. What American economists call the "farmer's ratio" altered to the farmer's disadvantage, and the power of the agricultural countries and areas to buy industrial products grew less.

These conditions had, no doubt, compensations for the industrial workers who were fortunate enough still to find jobs. The

Co-operative Movement no longer needed to complain that, save in special cases, primary products were too dear. The standards of living of the fully employed sections of the industrial workers rose as a consequence of the cheapening of food supplies; but this was cold comfort to the large numbers who found themselves out of work. A gap in standards appeared between the populations of the relatively prosperous industrial districts and those of the depressed areas; and this contrast made itself felt in the affairs of the Co-operative as well as in those of the Trade Union Movement.

Co-operators, as the defenders of the consumers' interests, had a traditional sympathy with the cause of Free Trade. The Co-operative Societies had grown large and prosperous by taking advantage of the freedom of importation to bring in cheap supplies of overseas wheat, butter, bacon, and many other commodities which could be produced cheaply abroad; and the Co-operative Movement had become in practice an ally of the Liberal Party, largely because the Liberals stood for the "free breakfast table" against the Protectionists who were demanding measures to keep out cheap imports in the interests of the home manufacturers and primary producers. The Labour Party was also by instinct and tradition a Free Trade Party; and this made it easier for Co-operation to enter politics as its ally when the mantle of Liberalism seemed to be falling upon it. But under the conditions of the inter-war period Free Trade gradually lost much of its appeal. Co-operators preferred cheap imports; but cheap imports were of little help unless the home consumers could afford to buy them, and the prevalence of mass unemployment meant that the purchasing power of many consumers was reduced to barely enough to keep body and soul together. There was a growing recognition that *laissez-faire* was not enough, and that there was need of measures designed to maintain "full employment" and a high level of consuming power. It was coming to be understood that "full employment" would not come of itself, and would have to be brought about by positive Government action. Yet, when the Government did act, it seemed as if the action was taken always in some sectional interest, and was directed rather to bolstering up sectional monopolies than to bringing about a high total quantity of production and consumption.

Under these conditions Co-operators turned their eyes in the first instance to the possibilities of mutual trade between the Co-operative Movements of agricultural and industrial countries. The Allied Co-operative Conference of 1919 and the Wembley Conference of 1924 on Agricultural Co-operation in the British Empire alike concerned themselves with questions of "inter-trading," and such "inter-trading" became a familiar theme of Co-operative discussions during the post-war years. The establishment of the Scandinavian Co-operative Wholesale Society in 1918 fostered this line of

thought ; and the process was carried further by the setting up of the New Zealand Produce Association in 1919 and the development in 1921 of joint arrangements between it and the C.W.S. for the marketing of New Zealand produce in Great Britain. This pioneering venture was followed by similar arrangements between the C.W.S. and other agricultural organisations overseas ; and, on the whole, Co-operators in both the producing and the consuming countries had good reason to be satisfied with the results of their concerted action. But measures of this type could not alter the fact that unemployment on a large scale had become endemic in the basic industries of Great Britain, and that cheap food was no sufficient substitute for an income which would cover the buying of it. The emergence of the depressed areas brought with it rifts in the Co-operative as well as in the Trade Union Movement. The populations of the areas in which unemployment was persistently severe were not satisfied with a situation which cheapened living conditions for those who lived in parts of the country less subject to the impact of unfavourable world economic forces.

When at length Great Britain was driven off the gold standard in 1931 and the Free Trade system was overthrown, Co-operators, despite their traditional allegiance to the doctrine of "free food," were no longer in a mood unanimously to denounce the change. Free Trade sentiment still remained strong in many quarters ; but Free Trade as a political gospel had lost much of its old assurance. There were many Co-operators who agreed with E. F. Wise's advocacy of bulk purchase through State Import Boards, and saw in orderly exchanges between the agricultural and the manufacturing areas of the world an alternative preferable under the new conditions to the old freedom to buy, regardless of consequences, in the momentarily cheapest market.

The special committee on State Purchase and Imperial Trade representing all sections of the British Co-operative Movement reported in 1930 that in the case of wheat it was desirable in view of the development of Co-operative marketing through wheat pools and similar bodies in the producing countries to make provision for organised buying in the importing areas. The committee expressed itself as hostile to the setting up either of a State buying department on civil service lines or of a purchasing corporation on the lines of the B.B.C. or the Central Electricity Board, but as favourable to the establishment of an import board consisting of representatives of "the State, the Co-operative Movement, and the various commercial interests concerned with the importation of wheat and flour"—the board to "possess monopoly powers to be exercised under the general supervision of the State and in the interests of the community in general." But they went on to say that whatever the State might do the Co-operative Movement must "be given freedom to develop

its local, national, and international trade on Co-operative lines." They seem in effect to have contemplated some sort of licence to Co-operative agencies to carry on trade within the general State scheme, though they rejected as premature a proposal that the State should be asked to use the Co-operative Movement as its exclusive instrument for the purchase of wheat supplies from abroad.

The committee showed in their report a recognition that producers had a right to organise marketing on their own Co-operative lines, and expressed the view that the economies possible in this form of organisation would enable the producers, by eliminating unnecessary middlemen's charges, to get a better price without charging the consumers any more. There was by this time, as a result of a better understanding of the Co-operative Movements which had grown up in the agricultural countries, more appreciation of the idea of fair exchanges between the producers of agricultural and industrial goods, and a greater readiness to accept State intervention as a means of bringing such exchanges about. But those who took this view were also very well aware that the actual measures of State intervention and regulation adopted in the principal countries were conceived almost wholly on restrictive lines at the consumers' expense, and served to diminish instead of increasing the volume of international trade. There was a groping out in the development of relations between Consumers' Co-operation and Agricultural Co-operation on a world scale towards a type of inter-trading that would enlarge instead of restricting total output. But it was difficult to formulate such ideas in a practical way in face of the entrenchment of private profit-making interests and their power to use State intervention as an instrument for the furtherance of private monopoly ; and the Co-operative Movement, with all its good intentions, failed to give expression to any clear, constructive policy. It did serve, in Great Britain, as a valuable means of checking the exploitation of the consumers—for example, when the Co-operative milk traders stood out against the attempts to push up milk prices so as to share the proceeds of restriction between the farming and the private distributing interests. But its rôle remained one rather of protest than of formulation of constructive policies adjusted to the contemporary conditions of production and trade.

There was, indeed, in Great Britain between the wars a manifest lack of constructive vision. Declining industries, faced with a new situation in which there was imperative need for drastic reorganisation, stood out obstinately against change, and clung, long after hope was gone, to a vain belief that somehow or other lost markets would be restored to them without any effort on their part to regain them. Cotton and coal are outstanding examples of this refusal to face facts. Employers and operatives in the cotton industry alike refused for a

long time to believe that Great Britain's old supremacy in the world market was gone for good and that radically new methods were necessary in order to prevent a continuing decline. Colliery owners stood out against any form of unification, and when they were driven to combine would consent only to the establishment of a restrictive cartel designed to make coal dear to the wide range of industries dependent on it, as well as to the domestic consumers. Farmers, instead of altering their methods, clamoured for protection of those forms of agriculture which were at the greatest disadvantage in competing with imports. Steel-makers insisted on keeping out cheap Belgian steel at the expense of the tinplate makers and the other steel-using industries. Nor was there, save in a very few fields, any assiduity in seeking out new industries or products so as to keep British production abreast of changing conditions of world demand. Economic defeatism seemed to have taken hold of almost the entire body of capitalist producers: everyone was scurrying to the State for help in preserving the *status quo*, and almost no one was either venturing forth on new lines for himself or ready to recognise the need for the State to undertake a new constructive function in maintaining the level of effective demand and fostering the expansion of new types of production. The lessons of the new Russia, where constructive economic planning was working miracles, went for nothing. There was a sheer refusal to admit the plain facts, until they were demonstrated beyond all question by the Russian achievement in the second world war.

The parlous plight of British industrialism as a whole was to a considerable extent concealed from Co-operators by the continuous expansion of their own Movement. The membership of the retail distributive Societies grew steadily and rapidly year by year throughout the inter-war period. It was over four millions in 1919, four-and-a-half millions in 1920, then, after a check during the post-war slump, over five millions in 1926 and over six millions in 1929. The renewed slump of the early thirties did not check its further advance. Seven millions were easily exceeded by 1934, and eight millions by 1937, and by the outbreak of the second war the total had risen to well over eight-and-a-half millions. Co-operators had good reason to feel well pleased at this unprecedented rate of growth, even though trade per member was not keeping step with it. They could argue that presently, having once brought so many additional households within the Co-operative fold, they would succeed in inducing them to extend the range of their purchases. I shall come back later to the question whether this optimistic view is well-founded: for the moment what I am concerned with is that the total expansion of Co-operative trade, due to increasing membership, covered up the decline in average trade per member, and also made the Movement less alive than it would otherwise have been to the national problems

of mass unemployment and the declining status of British industry in the markets of the world.

Total Co-operative trade did, of course, decline heavily in money value from the peak point reached during the inflation which followed the first world war. Total retail sales came down from £254 million in 1920 to £165 million in 1923 ; but thereafter they mounted again steadily to £217 million in 1930 and 1931. The severe slump of the early 'thirties only brought them down to a low point of £197 million in 1933, representing a real increase in terms of physical commodities ; and then again they rose to £251 million in 1937 and £272 million in 1939, experiencing an advance instead of a setback in 1938, when there was a general recession in most forms of trade and industry. The fact that average sales per member had meantime declined from £56 in 1920 and £36 in 1923 to £28.10s. in 1933 and a little over £31 in 1938 and 1939 was not lost sight of ; but it was regarded much less seriously than it would have been if it had not been offset by an increasing total turnover due to the rising numbers of the customers.

There is room, no doubt, for Co-operative trade to expand still further as an outcome of larger membership. But there is a limit to such expansion ; and the declining trend of trade per member, while it is in part accounted for by the extension of " open membership," whereby more members of a single household become enrolled in the Co-operative ranks, is also—and to a much greater extent—a symptom of diminishing Co-operative " loyalty," at any rate in the sense that the modern Co-operator spends on the average a much smaller part of his total income at the Store than did the Co-operator of an earlier period.

This diminution has taken place despite an increased range of goods dealt with by the Co-operative Stores. The big modern Co-operative Store carries a very wide range of products, and also offers a great variety of services to its members. A glance down the list of departments maintained by almost any of the big Societies will show how wide this range is ; and yet it is not, in general, this type of Store that has the highest sales per member. Much more modest Stores, serving relatively small populations, often secure a larger proportion of their members' income for the Movement.

This problem will be considered more fully in a later chapter. Here we need only take note of it as a sign of the changing character of British society under the impact of new technical forces which are still only at the beginning of their influence. The great paradox of the period between the wars was that rapid progress in the arts of production came up against the limitations of a consuming market which was disastrously unable to absorb enough goods and services to prevent it from engendering mass unemployment in the industrial

areas of the world and dire poverty among the producers of primary products. Even the most sanguine upholders of "private enterprise" had to admit that something had gone badly wrong; and they looked anxiously for scapegoats anywhere except in the right place. The truth that stared all men in the face, would they but see it, was that the capitalist system, which had served at one time to unloose the forces of production, had become a fetter upon those forces, and that the supreme need of society had come to be, not the stimulation of abstinence in order to accumulate capital at the greatest possible rate, but the expansion of consuming power and its maintenance steadily at a level sufficient to clear the market of all that could be produced. This does not mean, of course, that saving and accumulation had become unnecessary; but it does mean that mankind was blindly ignoring the truth that the only purpose of capital accumulation is to make possible higher consumption, and that savings not applied to the production, directly or indirectly, of consumers' goods and services are not real savings at all but sheer waste. They are, indeed, much worse than mere wasteful spending; for by withdrawing from use a part of the purchasing power needed to take the current supplies of goods and services off the market they impoverish instead of enriching the world and result inevitably in throwing would-be producers out of work.

Gradually, between the wars, intelligent people were learning this lesson. But the mere learning of it gave no power to apply it; for at every point some powerful vested interest stood in the way. Each group of owners of capital, every class of rich men and a host of their dupes, denounced any change that would menace its own position, and continued to pursue the quest of keeping goods scarce in order to hold up their prices. Great Britain, indeed, suffered less than most other countries in the great depression which followed the collapse of the grand speculative boom in the United States. The British people as a whole fared better than most others, because food prices fell off sharply and wages in most industries were relatively well maintained. There was no catastrophe in Great Britain comparable with that which President Roosevelt had to face in America on his assumption of office, or with that which, almost at the same time, swung Hitler into the position of dictator in the *Nazi Reich*. But things were bad enough here in the depressed areas which depended on coal and steel, on shipbuilding, and on the manufacture of exports an impoverished world was no longer able to buy. The difference was that in America and Germany the whole nation was devastated: here only a minority which, largely isolated in South Wales and on the Clyde and Tyne and in a few other distressed areas, was unable to make its cries for succour heard by the rest of the people.

Yet, even with imports purchased at prices which were ruinous to the producers in many of the peasant countries, Great Britain was failing to balance its current international accounts. The camel was living on his hump. Great Britain, for a century a lender to the rest of the world, was using up capital assets abroad in paying for current imports which in face of the collapse of markets could no longer be paid for with exports. To be sure, this process could have gone on for a long time without exhausting British overseas capital holdings—if there had been no war. Yet the very conditions which created the slump in trade were also leading the world into war. But for the slump it is most improbable that the Nazis would ever have become the masters of Germany, or been able to convert the army of the German unemployed into an instrument of mass preparation for aggressive warfare.

That conditions were less intolerable in the 'thirties in Great Britain than in most other countries was one reason why so many people were able to persist in a refusal to face facts. The Labour Party had been so disorganised by its defeat in 1931 as to be able to offer no convincing challenge to the dominant forces of capitalism ; and almost the whole population, in its desire for peace, remained blind to the advancing threat of war long after it should have been plainly visible. There was a lackadaisical quality about British politics throughout the 'thirties, on the Labour as well as on the Conservative side ; and this do-nothing mood reflected pretty accurately the sentiment of a large part of the people and prevented effective action in economic as well as in political affairs. Over and over again politicians took the line of least resistance, which was usually the line of yielding to any vested interest that lobbied cleverly on its own behalf.

The war of Japan on China had some effect in rousing public sentiment, and the war in Spain much more. There were demands for a Popular Front to unite the forces of progress both against Fascism internationally and for a constructive economic policy at home. But those who made these demands were impotent in face of the Labour Party's refusal to place itself at their head ; and even Co-operators refused the request of their own political party to take a hand in the making of a People's Alliance. The need was urgent ; but neither in the Labour Movement nor among the general body of Co-operators was there any collective sense of urgency sufficient to overcome old prejudices and dislikes. Great Britain drifted, in both both political and economic affairs ; and the inevitable end of the drift was war, which caught this country both unprepared and ill-organised for the mobilisation of its economic resources to meet the common need.

Thereafter, slowly, things were straightened out—but not until the calamity of France had brought Great Britain nearer to defeat

than it is pleasant to remember. The mobilisation of the nation and of its industries was taken in hand by the new Government in which the Labour and Co-operative leaders were called upon to play their part. But the manner of this mobilisation was inevitably affected by what had gone before. The capitalist leaders of industry were metamorphosed into controllers acting on behalf of the State ; and they saw to it that nothing should be done to prejudice the continuance of the profit system or the full resumption of private capitalist authority after the war. Labour men and Co-operators, much more than in the first world war, had to be called in to play a part in the administration of public affairs ; but they found themselves under the necessity of doing so, in the name of national unity, in accordance with the capitalist rules of the game. Actually, despite the place of Trade Unionists and Co-operators in the Government, both Trade Unionism and Co-operation have grown more slowly since 1940 than they grew in the first world war ; and though the economic changes have had to be much more sweeping, no more has been done to change the basis of the economic system. Neither Socialism nor the Co-operative Commonwealth has been brought any nearer in terms of social and economic structure ; and it remains to be seen how much further they have advanced in the minds of the men and women who will shape this country's future after the war.

XVII.

GUILD SOCIALISM AND THE BUILDING GUILDS

One aftermath of the first world war was a large-scale revival of the movement for Co-operative Production, with its centre in the building industry. We have seen earlier how, in the 1830's, the Builders' Union launched out on its ambitious plans of production under workers' control, and created the Grand National Guild of Builders as its instrument. Nearly ninety years later, as the outcome of Guild Socialist propaganda and of the conditions created by the war, the operatives in the building industry once more set up a National Building Guild, and for a few years carried out large constructional contracts, mainly for the local authorities in many parts of the country, but also on a smaller scale for private purchasers. Then, in 1923, the National Building Guild sensationally collapsed, and within a brief period the entire movement, with a few very small local exceptions, came to an abrupt end. Guilds had been set up on a relatively small scale in a number of other trades and industries—furnishing, engineering, tailoring, pianoforte making, and even agriculture. But the post-war slump was too much for nearly all of them ; and the few which struggled on a little longer lost all wide significance for the working classes.

Guild Socialism was a doctrine which was developed first in *The New Age*, a weekly review edited by A. R. Orage, with S. G. Hobson, subsequently the leader of the National Building Guild, as a regular contributor. Hobson, in collaboration with Orage, wrote the articles which, republished in book form in 1914 under the title *National Guilds*, effectively started the Guild Socialist Movement. Guild Socialism, though it had also wider aspects, was in its essence a plan for transferring industries and services to public ownership and delegating their management, under charter, to guilds including all the workers by hand and brain engaged in them. The guilds were to be based on the Trade Unions, so enlarged as to include the technical, supervisory, and administrative workers ; and they were to take over the conduct of industry on behalf of the community as a whole, and were to carry it on, not for profit, but in a spirit of service, at a remuneration to be settled in consultation between the representatives of producers and consumers. The present writer was among those who speedily rallied to the support of the Guild Socialist idea, and took part in 1915 in forming the National Guilds League as an agency for national propaganda on its behalf.

Guild Socialism differed from Producers' Co-operation in basing itself on the public ownership of the industries that were to be brought under guild control and in repudiating the profit basis and all forms

of profit-sharing. The guild workers were to receive not shares in the profits but standard pay, determined by arrangement between the guilds and the State as the owner of the means of production. Guild Socialism was, in effect, a form of Socialism designed to oppose the bureaucratic control of State-owned industries and to assure self-government to the producers while safeguarding the interests of the consuming public. But the actual experiments in guild control which were made in 1920 and the subsequent years could not assume the form which the Guild Socialists desired ; for the State was not prepared to assume public ownership of industry. Experiments had to be made, if at all, under a capitalist Government and without public ownership of the industries concerned. Accordingly, in practice, the post-war working guilds were Producers' Co-operative Societies, differing from previous experiments in Co-operative Production in that they were more closely linked up with the Trade Unions than most Producers' Societies had been since the days of Robert Owen, and that they did not admit any form of profit-sharing.

The Guild Socialist Movement took shape as a theory during the years of labour unrest before the first world war. It arose as an attempt to reconcile what was of value in the ideas of Syndicalism, with its insistence on producers' control, with the claims of the community of consumers. Beginning as a theory of a small group of intellectual Socialists, it spread rapidly among the workers during the war years and obtained a strong foothold among the engineers, especially in the Shop Stewards' Movement, and among railwaymen, post office workers, and miners, as well as among the building trades operatives. In 1919 the guild idea was very much in the air. The Shop Stewards' Movement, indeed, melted away under the influence of mass post-war dismissals in the engineering and kindred trades ; but the miners and railway workers were alike demanding in 1919 the nationalisation of their industries and the concession of a large share in their management on behalf of the public to the workers employed in them ; while the postal workers were asking for the conversion of the postal service into a complete National Guild. None of these claims were granted ; and the experiment in guild control was first made in an industry in which, though it was not nationalised or likely to be so, the State was taking perforce a very large part in the control. The shortage of houses was acute, and the prospect of getting them built in any numbers except with public money negligible in face of high and rapidly rising costs, involving "economic" rents which those in need of the houses could not possibly afford to pay. The Government had made lavish promises of "homes for heroes" ; but in the first year after the war hardly any houses were being built.

The State, in these circumstances, enacted a housing scheme under which the national exchequer was to meet the residual cost of

all houses built by the local authorities with the aid of a fixed contribution from local rates. The effect of this scheme was that the local authorities had no incentive to economy, as they could pass all losses on to the national exchequer. The private builders and the suppliers of builders' materials naturally took advantage of this situation to force up prices to fantastic levels. This was the situation when Building Guilds were formed during the early months of 1920 in Manchester and London, by resolution of the local Federations of Building Trades Operatives, to offer to undertake housebuilding for the Government on a non-profit basis. The plan was that the guilds should undertake contracts on a cost-price basis *plus* a percentage to cover overhead expenses and a fixed allowance to enable them to grant the workers employed "continuous pay." The guilds, if they could get contracts on this basis, would be insured against loss and would be in a position to borrow from a bank the working capital needed for carrying out the contracts by assigning to the bank the sums coming in from the local authorities as the houses were built. There would be no profits, as the contracts would be on a basis just sufficient to cover all costs.

From Manchester and London the Building Guild Movement spread rapidly all over the country in 1920 and 1921. It was organised locally in Building Guild Committees based on the local Trade Unions; and presently, at the suggestion of the Trade Unions, the local guilds were mostly consolidated into a single body, the National Building Guild, registered as a limited company with a purely nominal capital of £100. The headquarters were in Manchester. The independent London Guild of Builders was started by a former master-builder, a Quaker Socialist, by name Malcolm Sparkes, who actually inspired the movement. The London Guild was presently absorbed into the Manchester organisation, in which S. G. Hobson was the leading personality. Sparkes had at first endeavoured to get the master-builders to join hands with the operatives in reorganising the entire building industry on the Guild principle; but, nothing coming of this, he had induced the London operatives to start their Guild on independent lines and to register it as an Industrial and Provident Society rather than as a joint stock company.

For a time all appeared to be going well. All over the country the price of building was very high, and the output of labour, in this as in other industries, very low as a reaction from the effect of war. The Trade Unionists employed by the Guild, animated by high ideals, had no difficulty in giving the public better service than was being given by the general run of builders, even though the Guild suffered from the lack of trained managers and technicians and made many mistakes. It is not denied that during the first period of its existence the Building Guild Movement not only did work of an

exceptionally high quality on housing contracts, but also did it at a cost to the public that compared well with the costs of other building. But in the summer of 1921 conditions were radically altered by a change in Government policy. The period of post-war inflation was at an end; and the country was running into the great post-war slump. The Government, in reaction against the high prices it was having to pay, shut down suddenly on all new housing contracts, and when it restarted them after an interval gave up the method of agreeing to meet residual costs and substituted that of a fixed subsidy, leaving the local authorities to foot the rest of the bill. With this change went another—the abolition of ‘cost *plus*’ contracts and the substitution of “maximum sum” contracts under which the contractor could charge costs and overhead percentage only up to a fixed total. The conditions under which interim payments were made to the contractors during the progress of the work were also drastically revised, in such a way that the contractor, having to stand out of his money for a longer period, needed much larger capital or bank accommodation in order to carry through any given amount of work.

Up to this point the Co-operative Wholesale Society's Bank had been providing by way of advances the working capital needed by the Building Guild. When, however, the new system was introduced the C.W.S. Bank refused to take the risk of making any further advances, pointing out that the Guild would in future be involved in the full risks of a highly speculative business. Previously the bank had had ample security for its advances on each contract in the sums due from the local authorities. But now there could be no such security, and the risks increased rapidly as prices came tumbling down and contractors, instead of being able to charge practically what they pleased, began scrambling for orders at cut prices in order to keep their plant in employment. The Guild leaders, having vainly sought to persuade the C.W.S. Bank to change its attitude, were driven to Barclays Bank for further accommodation, and had also to entreat the building Trade Unions to come to their aid. The National Federation of Building Trades Operatives agreed to impose a levy of one halfpenny a week on its members, numbering roughly half a million, and to lend the proceeds as working capital to the National Guild. But a number of the Unions refused to collect the levy; and before long Barclays were refusing further overdrafts and threatening to put in a receiver unless their claims were met. The Guild leaders vainly appealed to the National Federation of Building Trades Operatives to provide the large sum, estimated at from £30,000 to £50,000, which was needed to supply the movement with adequate working capital. The N.F.B.T.O. answered that it was not a trading body but a Trade Union, and could not put its members' money to such use or accept any final responsibility for the Guild's affairs. By the end of 1922 the situation

had become impossible: Barclays Bank foreclosed ; a receiver was appointed; and during the following year the National Building Guild was wound up, many hundreds of operatives losing their savings in its collapse. There were at this time sixty-three local Guild branches engaged upon over 200 separate housing contracts, not including the contracts of the London, Scottish, and a few local Guilds which did not form legally parts of the National Guild.

The shortage of working capital and the consequent necessity of forgoing discounts and paying unnecessarily high prices for supplies was undoubtedly one cause of the Building Guild's collapse. But there were other causes. When the Government changed its housing policy and thousands of building operatives were thrown out of work there was a tendency to look to the Guild for employment and even, on the part of its active Trade Unionist supporters, in some cases to regard such employment as a right. The consequence was that in many areas the local Guild Committees took on contracts at unduly low prices in the hope of keeping their members at work, and also that many of the Guild jobs became "over-manned," that is, took on more workers than were really needed for the work in hand. The central committee of the Guild estimated that on house-building the proper ratio of labour cost to cost of materials on the job was 40 to 60 ; whereas it found that in the summer of 1922 the actual ratio had become 60 to 40—a clear sign of gross over-manning. The concession of continuous pay made matters worse and further diminished the Guild's capacity to carry out contracts at a competitive price. Nor was there any room under the financial conditions of 1922 for the mistakes due to inexpert buying and management that had seemed relatively unimportant during the price inflation of 1920. It cannot be doubted that in 1922 the Building Guild was working on the whole at a heavy loss, or that, even if more capital had been forthcoming, the crash would have come all the same unless its methods had been thoroughly overhauled. It is an extenuation but no excuse to say that this was due largely to a mistaken attempt to keep its members in work at any cost during the slump. The Guild was not in a position to do this, any more than it could be done by the private firms with which it had to compete. It is undeniable that the Building Guild was grossly mismanaged at the centre, and that it went on piling up more and more work at a time when the only chance of saving the situation lay in cutting down its scale of operations and thoroughly reforming its methods.

The working Guilds in other industries had been on a very much smaller scale than the Building Guilds, which carried out during their three or four years of life several million pounds' worth of contracts and were actually employing well over 4,000 operatives at the moment of the collapse. The Furniture and Furnishing Guild of Manchester, which was closely allied to the Building Guild, went

into liquidation with it, and the London and other Furnishing Guilds soon followed. The Tailoring Guilds lasted a little longer, and then for the most part died out. A few local Building Guilds which had not been merged in the national body struggled on for some time, as did in other trades a few tiny Guilds which were in effect small Producers' Co-operative Societies. But the working Guild movement, as a movement, was dead after 1923 ; and the repercussions of the Building Guild's failure were such as to be fatal to the Guild Socialist propaganda, which was in any case flagging under the depressing influence of adverse economic conditions. The National Guilds League, in the movement's hey-day, had given birth to a National Guild Council based on the Trade Unions ; but after 1923 both bodies gradually faded out.

It is natural to compare this brief revival of the project of Co-operative Production under Guild control with the earlier attempts of which some account has been given in this book. The analogy is closest with the Owenite experiments of 1832-4, both because they too had their point of focus in the building industry and because on both occasions the attempt was made to build the structure of Co-operative or Guild production directly upon the Trade Unions and to enlist Trade Union support to the fullest possible extent. The Christian Socialist experiments of 1850 and the following years had on the other hand with one exception little to do with the Trade Unions. The exception is the attempt to enlist the support of the Amalgamated Society of Engineers in the establishment of the Windsor Ironworks and in other ventures in the engineering trades. The Working Associations formed directly under Christian Socialist auspices had very little to do with Trade Unionism—partly because they were set up for the most part in badly organised trades. The Christian Socialists also made experiments in the building trades ; but the Trade Unions do not seem to have played any part in them. On the other hand, just before the Christian Socialists came on the scene the National United Trades Association for the Employment of Labour had been definitely attempting to build up Producers' Co-operative Societies on a basis of Trade Union support, but had not been able to achieve much practical result.

The next wave of attempts at Producers' Co-operation in the late 'sixties and the early 'seventies of the nineteenth century did bring in the Trade Unions to a considerable extent—especially Alexander Macdonald's National Miners' Association and, again, the Engineers. But the attempt took largely a different form, in that many of the associations which were set up were registered as limited companies, and the idea of "profit-sharing" between investors and labour played a prominent part. The Owenites had thought of their Guilds and Producers' Associations as the advance guard of a new economic order based not on profit or profit-sharing

but on communal service and new ways of community living. The Christian Socialists, though they advocated profit-sharing, had also stressed the moral aspect of their movement as an instrument of social and individual reformation, and had aimed at permeating all industry with a high spirit of Christian service. The men of the 'sixties and 'seventies pitched their moral and social aims a good deal less high. They were not above advocating Co-operative Production as a sound investment, and many of those who bought shares in the new Societies did so under the attraction of the high returns which were enthusiastically promised by the promoters. We have seen how certain distributive Co-operative Societies invested their funds in company mills which were not Co-operative even in form, and how in some cases the Stores became places of private traffic in the shares of the "Working-class Limited" and similar productive ventures. To say this is not to suggest that no more idealistic motives were present. There was a mixture of motives—a mixture highly characteristic of those times of Victorian business prosperity and general economic advance.

The next wave of Co-operative Production, mainly in the 'nineties, is associated with the name of Thomas Blandford and the rise of the Co-operative Productive Federation. It was characterised by a return to a more idealistic mood, coupled with a much greater modesty of aim. Its projects were mostly on a small scale, and its promoters did not accompany them by any grand attack on the basis of capitalist society as the Owenites and the men of the "United Trades" had done. There was little connection with Trade Unionism, but a closer connection with Consumers' Co-operation, to which the new Producers' Societies turned more and more both for their market and for the supply of capital for expansion beyond their modest beginnings. There was in this newer form of Producers' Co-operation no grand challenge to capitalist industry—hardly more than a plea to be allowed to live side by side with it, and to give a small-scale display of the advantages of an alternative way of getting the world's work done. The Producers' Co-operatives founded between 1880 and 1914 were, on the whole, a great deal more stable and more successful than their predecessors; but they caused hardly a ripple on the surface of the capitalist world.♦

The Guilds of 1920 and the following years, born in the period of dislocation and acute unrest which followed the first world war, were conceived in a much more challenging spirit, and their initiators regarded them as the destined instruments of far-reaching economic change. The paradox about them was that they were not by any means the kind of bodies the Guild Socialists really wanted to make them, and that many active Guild Socialists had from the first qualms about them and about their probable results. The Guild Socialists had not, unlike the earlier advocates of Producers' Co-operation,

ever meant to bring into existence Producers' Societies which would carry on production as private concerns in an environment of capitalist competition. They had looked to the State to take over this or that industry, and *then*, having brought it under public ownership, to hand over its management—or perhaps, in the first instance, a share in its management—to Trade Unions enlarged to represent every section of those engaged in it. But when the State would not act in this way the workers who were attracted by the idea of “workers’ control” were minded, where they could, to take matters into their own hands. Under the conditions which prevailed in 1919 and 1920 the building industry was the one field in which the opportunity was open for doing this on a large scale ; and the Building Guild Movement, with the support of the Trade Unions, spread with extraordinary rapidity from one end of the country to the other. It appeared subsequently that the Trade Unions were much less deeply committed to the movement than they had seemed at first. When it was launched, prices were booming and labour was scarce—at all events in the building trades. But by the time the Building Guild needed help the Trade Unions had other things to think of: wages were falling ; unemployment had become severe. Trade Union funds were needed to support men locked out or on strike against wage reductions, or to maintain them when out of work : they could not be spared for investment in the risky venture of a Guild.

It is natural to speculate whether the second world war will be followed by a further attempt to revive Producers’ Co-operation or Guild production in one or another form. Probably not, except under the conditions of public ownership which the Guild Socialists had in mind. The demand for “workers’ control” probably will arise again ; but it seems unlikely that there will be a renewed attempt to embody it in Guilds or Producers’ Co-operative Societies competing in the capitalist market. The scales are too heavily weighted in these days against ventures started with inadequate capital ; and the Consumers’ Co-operative Movement has long ceased to be a source from which capital for them is likely to be made available. No doubt the Co-operative Wholesale Society’s Bank did help the Building Guild Movement with advances, but only as long as repayment seemed to be securely guaranteed by the nature of the contractual arrangements between the Guilds and the public authorities. As soon as the Guilds’ business had to be put on a risk-bearing basis the C.W.S. Bank drew in its horns. I am not saying that it was wrong in doing this : I am merely pointing out that the Consumers’ Movement is unlikely, however much capital it may dispose of, to become the financier of future productive ventures unless they are to be conducted under its own control. The C.W.S. has its own factories—its own building department. It would sooner

expand these and enlarge the influence of Consumers' Co-operation than give aid to ventures which embody primarily the rival doctrine of producers' control.

We can, indeed, see very plainly how far the two notions have drawn apart. It may surprise many Co-operators to find a chapter on the Guild Movement included in a book dealing with the history of Co-operation. It is doubtful whether, in the period when the building and other Guilds were active, most Co-operators thought of them as having any particular connection with Co-operation. They were, however, a good deal more essentially Co-operative than a great many of the earlier experiments in Producers' Co-operation which the historians of the Movement include unquestioningly in their narratives. The Guilds set their faces against production for profit, and aimed at producing under conditions which would make service the predominant motive. The National Building Guild actually planned, when it had to produce at fixed contract prices, to return 50 per cent of any saving by way of dividend to the purchaser, passing the other 50 per cent into a reserve fund to cover risks. The spirit underlying the working Guilds was essentially Co-operative; but it was not possible in the changed conditions of the twentieth century to establish any close relations between them and the Consumers' Co-operative Movement. The principal reaction on that Movement of the demand for "workers' control" was seen, not in any linking up with the Guilds, but in a tendency to revise established notions about the place of Co-operative employees in the Societies. The Co-operative Survey, as we shall see, recommended in 1919 that the Movement should reconsider the policy of disqualifying employees from sitting on Management Committees and should turn its mind to devising ways and means of giving them some share in the control of work in the Stores. Thus, indirectly, Guild ideas reacted on Consumers' Co-operation; but not a great deal was done towards implementing the Survey's proposals in this field. Co-operation, in the century since the Pioneers opened shop, has become in Great Britain more and more a Consumers' Movement, with a consumers' philosophy of its own. The Guild Socialists found many of their strongest opponents among leaders of Consumers' Co-operation, just as they found friends in the Societies united in the Co-operative Productive Federation. If survival be the test of fitness the critics were in the right; for the working Guilds reproduced the same weaknesses as had appeared in earlier big ventures in producers' control, whereas Consumers' Co-operation, in slumps as well as in booms, went on from strength to strength. The verdict is, I think, final against attempts to transform the economic system by voluntary association of producers in competition with better equipped capitalist rivals. It is not, however, a verdict against "workers' control" as the necessary complement to public ownership in the make-up of the Socialist State.

XVIII.

CO-OPERATIVE DEVELOPMENT BETWEEN THE WARS

The General Co-operative Survey Committee appointed at the Dublin Co-operative Congress of 1914 was at work throughout the war period. It presented three interim Reports in 1916, 1917, and 1918, embodying a detailed factual study of the work of the Co-operative Movement in all its aspects ; and it finished its labours with a final Report presented to the Co-operative Congress of 1919, and more fully considered in 1920 at a Special Congress. The outstanding recommendation of the Survey Committee was that the central machinery of the Movement should be greatly strengthened. It laid stress on the lack of any effective means of helping or bringing pressure to bear upon slack or backward Societies ; on the extreme unevenness of the Movement's educational activity ; on the prevalence of overlapping and competition between rival Societies ; and on the need for extending the range of Co-operative Production and of services rendered by the Movement to its members. The committee, in its recommendations, entered into a vast amount of detail, covering meticulously the composition and functions of nearly every organisation or committee acting on behalf of the Movement ; and this mass of detail served rather to obscure the larger issues. Nor were the Reports well presented : major and minor proposals were jumbled up together and so mixed with factual description as to make the whole series very difficult reading.

From this jungle of fact, comment, and proposal the main things that can be extracted are: first, a recommendation that the powers of the Co-operative Union should be greatly enlarged so as to extend to the expulsion of any Society deemed to be guilty of unco-operative conduct, or refusing to accept arbitration on such matters as overlapping with other Societies ; secondly, with a view to the effective exercise of these wider powers, a proposal to improve the status of the Union's Central Board as its supreme executive by providing for more frequent meetings and a more flexible organisation ; thirdly, the constitution of a full-time salaried executive to act between meetings of the Central Board and to undertake control of the day-to-day work of the Co-operative Union. Extensive reorganisation was also recommended in the sphere of education. Regret was expressed that many Societies had reduced their grants for educational work, and that often membership of a Co-operative Education Committee was regarded merely as a stepping-stone to election to the Management Committee. It was urged that the dependence of the educational funds on grants of a percentage of the trading surplus should be given up, and that all Societies should

devote not less than 1s. per member per year to their educational work. The Survey Committee emphasised the importance of attaching the auxiliary bodies, such as the Guilds, closely to the educational side of the Societies' work, and also the need for bringing employees into closer association with it ; and it therefore proposed a new model constitution for Educational Committees so as to include a larger proportion of Guild and employees' representatives as well as of members specially chosen for their interest in educational matters. It wished to strengthen the federal Educational Associations and to link them up more closely with the Co-operative Union's Sectional Boards. Much of the factual information digested by the Survey Committee went to show that a large part of the sums allocated to educational work was being frittered away on unsatisfactory forms of propaganda and on functions of no great educational value ; and a strengthening of the Co-operative Union's Educational Department was regarded as necessary in order to give stimulus, form, and direction to the work done by the local Societies.

In relation to the trading activities of the Movement the Survey Committee was badly hampered by the refusal of the Co-operative Wholesale Societies of England and Scotland to take part in its work. This refusal was mainly due to the feeling of the English Wholesale directors that they were offered too small a representation in view of the scale of their operations. The S.C.W.S. originally agreed to take part in the work of the Survey, but withdrew when it found that the C.W.S. would not be represented. The Survey Committee nevertheless made certain proposals for the reorganisation of the C.W.S., including the appointment of resident directors in key areas and a change in the methods of voting at C.W.S. meetings whereby all the Societies represented would be able to cast votes proportionate to their membership. In relation to retail trade it recommended a greater use of trained canvassers and organisers, especially in the more backward areas, the institution of a national Co-operative advertising scheme, and the making of Co-operative premises more attractive by the "opening of rooms for social and recreative purposes." It paid a tribute to the superior Co-operative "loyalty" found in many of the smaller Societies, and suggested that in the larger Societies methods of sustaining the members' interest had often failed to keep pace with the growth of membership. It proposed that a special study should be made of the best means of maintaining democratic interest and control in the very large Societies, and that the duties of the managers in such Societies should be reduced and their salaries increased in order to attract better men.

The Survey Committee also advocated a widening of the range of services provided by the retail distributive Societies. It drew special attention to the desirability of undertaking "the milk trade,

laundries, restaurants, cafés, fried fish shops, greengrocery departments, tobacco shops, sweet shops, newspaper and book shops, stationery shops, toy shops, furniture removing departments, undertaking departments, hairdressing departments, window cleaning departments, etc." It also urged federal action between Societies for the manufacture of requisites for the trading and service departments of the retail Stores, and the need to establish different grades of shop to meet the requirements of areas differing in standards of living. The Survey Committee took up afresh the old problem of adapting Co-operative methods to the needs of the poorer consumers, describing the situation which it found to exist as "a reproach to the Movement" and urging the desirability of a special attempt in the Manchester area to establish, with the aid of the C.W.S., a separate Society to trade on a basis of low prices and low dividends, with special services to enlist the interest of the inhabitants of the poorer districts. Another proposal was that neighbouring Societies should join hands to establish large "emporia" or department stores in the centre of the big towns, and that Societies should imitate the methods of the multiple chain stores by adopting uniform design of branch shops and uniform systems of packing and wrapping Co-operative goods.

On the question of dividends the Survey Committee declared against high dividends as tending to restrict sales and membership and advocated a rate not exceeding 2s. in the £, preferably fixed rather than varying from year to year. It welcomed experiments in the direction of abolishing dividends altogether, but held that, though the adoption of a policy of low prices in preference to dividends had much to recommend it, "the process of educating members to adopt a different system must necessarily be a slow one." The committee favoured an extension of the use of surpluses to provide more communal services for the members in preference to dividends on purchases, and laid special stress on the desirability of extending collective life assurance and instituting retiring pensions to cover the gap between retirement and eligibility for the old-age pension provided at 70 under the State scheme. It also urged the adoption of pension schemes for Co-operative employees and the establishment of more convalescent homes and similar services for members.

The Survey Committee further put forward ambitious proposals for the development of Co-operative banking. It advocated the merging of the C.W.S. Banking Department in a separately constituted Co-operative Bank, the establishment of parallel banks in Scotland and Ireland, and the ultimate amalgamation of all these bodies into a single unified bank to serve the entire Movement. It wanted a parallel extension of the work of the Co-operative Insurance Society to cover a much wider field, and an increase in the capital of the whole Movement by the removal of limitations on individual

investments and loans and a campaign to secure more deposits from Co-operative members. It favoured a raising of the rates paid by the Wholesale Societies in order to encourage local Societies to deposit more of their surplus funds and an active development policy on the part of the Wholesales with the aid of the additional capital made available by these means. Side by side with the expansion of the Wholesale Societies it advocated the development of productive departments and services by the retail Societies and the establishment of special Federal Societies for the provision of special services. It was hostile to the notion that the Producers' Societies ought to be absorbed to an increasing extent by the Consumers' Societies, and favoured a growth of the Producers' Societies, especially in the field of international Co-operative trade.

On the agricultural side the Survey Committee favoured both an extension of Co-operative farming under the auspices of the retail Societies and the Wholesales and an attempt to bring the Agricultural Co-operative Societies into closer relations with the Consumers' Movement. It advocated a special attempt to link the associations of smallholders and allotment holders more firmly to the C.W.S. and to the Co-operative Union. It pointed out that the number of Agricultural Societies affiliated to the C.W.S. had been rising sharply—from four in 1901 to thirty-nine in 1911 and eighty-nine in 1917—and that there had been a growth over the same period of farming by retail Societies and by the Wholesales from a total acreage of 1,487 in 1890 to 25,476 in 1917, the development having been especially rapid during the war period. It hedged in its recommendations about the future of Co-operative farming, urging the C.W.S. to acquire more land and to provide additional creameries and other processing establishments and to enter into arrangements with farmers, both on land owned by it and elsewhere, for the purchase of their produce on agreed long-term contracts, and at the same time favouring the development of farmers' Societies for Co-operative marketing and the establishment of an Agricultural Section of the Co-operative Union to encourage and co-ordinate Agricultural Societies for a variety of purposes, from the collective purchase of farm requisites to the collective marketing of produce.

The Survey Committee further advocated an extension of Co-operative activity in the field of housing, especially by the development of special Housing Societies on the lines of the existing Co-partnership Tenants' Societies. The Report on this question bears traces of considerable controversy among the members of the committee. It is unfavourable to any large growth of house-building by the retail Societies, and stresses the need for the main provision of houses to take place under State or municipal ownership. But it looks to Co-operative activity to supplement public housing arrangements, and expresses itself as not unfavourable to the ownership of

houses by the occupiers, as long as ownership does not extend to the acquisition of houses for letting to tenants for purposes of private profit.

Finally, the Survey Committee pronounced in favour of a great extension of international Co-operative trade and looked forward to the establishment of an International Wholesale Society. But it seemed to regard this as not practicable at once, and therefore urged the development of arrangements for facilitating mutual trade in the meantime. It laid stress on the part which could be played by the Producers' Societies in manufacturing goods for the international Co-operative market, and appeared to regard the Producers' Societies as offering more hope than the Wholesales of a speedy extension of international trading relations.

The foregoing paragraphs are not meant to provide anything like a complete summary of the Survey Committee's recommendations, which ranged over an exceedingly wide field. The discussion of them during the years immediately after the first world war produced disappointing results. The refusal of the Wholesale Societies to recognise the Survey's mandate was one adverse factor; but quite apart from this it was soon made plain that the local Societies were not prepared to accept the stronger central discipline advocated by the Survey Committee. The proposal to equip the Co-operative Union with a full-time executive was withdrawn by its authors in deference to the strong hostile feeling; and the proposal to constitute a new and more comprehensive Co-operative Bank, separate from the C.W.S., was rejected. Most of the remaining recommendations were endorsed by the Special Congress of 1920, but no great zeal was shown in putting them into effect. In particular, the proposal to give the Co-operative Union effective power to prevent overlapping and to enforce local agreements and amalgamations was not practically implemented, although there was some progress towards the creation of a public opinion in the Movement hostile to internecine conflicts between neighbouring Societies.

One important change made as an outcome of the Survey Committee's Report was the amalgamation of the separate English and Scottish Co-operative Newspaper Societies into a single body, the National Co-operative Publishing Society, which took over both the *Co-operative News* and *The Scottish Co-operator*, as well as a number of auxiliary journals. The two main papers retained their separate existence, but were brought under a common control; and the foundations were laid for further developments in Co-operative journalism. There began to be talk about the possibilities of establishing a Co-operative daily newspaper; but the failure of *The Daily Citizen*, which had been started in 1913 under Trades Union Congress and Labour Party auspices, was a warning of the difficulties in the way of such an enterprise; and the *Daily Herald*, the unofficial

Labour daily started as the outcome of the London composers' strike of 1912, had still many difficulties ahead of it before it became securely established as the official Labour organ. During the war the *Herald* had been forced to become a weekly, and had with difficulty weathered the storm under George Lansbury as editor. After the war it resumed daily publication ; but its position was for some time insecure, and it would have been clearly unwise to launch a rival to it at that time.

When the war was over the question of the taxation to be levied on Co-operative Societies came up afresh. A Royal Commission on Income Tax was set up, and a renewed agitation was begun for taxation of Co-operative dividends. Moreover, in 1920 a new tax, the Corporation Profits Tax, was brought in as a substitute for the war-time Excess Profits Duty, and the Co-operative Societies, despite their protests, were made liable to this further impost, which lasted until it was repealed by the Labour Government in 1924. The Labour Party in Parliament did its best to aid the one Co-operative M.P. in opposing the levying of the new tax on the Co-operative Movement, but there was no resisting the verdict of the Coalition Government.

In 1920 the Co-operative Wholesale Society, in pursuance of its active policy of growth, issued a second series of development bonds, which were paid off in 1925. It also instituted, through its banking department, an issue of C.W.S. deposit notes as a further means of saving. The C.W.S., moreover, also set to work to revise its constitution so as to meet some of the criticisms advanced by the Survey Committee. In 1921 it adopted a system of voting based on the amount of the Societies' purchases—not on membership, as the Survey Committee had proposed—in place of the old system of voting by individual delegates present. Two years later the system was further changed by the introduction of the card vote. The referendum was introduced in 1921, and found its use in 1928, when it resulted, after the General Strike, in the endorsement of the policy of compulsory Trade Unionism for C.W.S. employees first introduced in 1919.

During the period immediately after the war there was much discussion of the question of international Co-operative trading, that is, trading between the Co-operative Movements of different countries. The Survey Committee had raised this issue and had laid special stress on the part to be played in it by the Producers' Co-operative Societies, as they manufactured for the general as well as the Co-operative market and had already gone some way towards building up relations with the Consumers' Societies abroad. The Survey Committee looked forward rather hesitantly to the creation of an International Wholesale Society or Trading Agency ; but the absence of the C.W.S. and S.C.W.S. from its counsels prevented it

from giving its proposals much concrete form. War conditions had, however, given some stimulus to proposals for mutual trading, especially within the British Empire ; and the Russian Revolution raised the question of developing mutual relations with the large and rapidly expanding Russian Co-operative Movement. There were also, after the cessation of hostilities, questions of the part to be played by Co-operative agencies in the task of European relief ; and this question especially was taken up in 1919 by the Women's Co-operative Guild, which became the most active advocate of a rapid development of international Co-operative trade.

In 1919 the C.W.S. took an important step by joining forces with the New Zealand Co-operative Marketing Association to form the New Zealand Produce Association, the forerunner of other joint arrangements with Agricultural Co-operative Movements overseas. At about the same time trade was opened between the C.W.S. and the Soviet Co-operative Movement. The same year an Allied Co-operative Conference discussed the re-establishment of the International Co-operative Alliance as an effective body and the means to be adopted for bringing the various national movements into closer connection. These questions were followed up at the Allied and Neutral Co-operative Conference of 1920 and at the first full post-war Congress of the International Co-operative Alliance in 1921.* In 1924, in connection with the British Empire Exhibition, a conference was held at Wembley on the problems of Agricultural Co-operation in the British Empire ; and in the same year, as the sequel to many informal meetings between representatives of the various national Wholesale Societies, a body was established under the name of the International Co-operative Wholesale Society. The name was, however, to some extent a misnomer ; for in face of currency and other uncertainties the I.C.W.S. was not set up as a trading body, and was in practice no more than a common information centre for the various Wholesale Societies. International Co-operative trade did develop to some extent, but it was carried on by direct dealings between the Wholesale or other Societies and not by means of any real International Wholesale Society or Trading Agency.

We shall see in a subsequent chapter that during the post-war years acute trouble arose over the conditions of Co-operative employment.† The C.W.S. adopted new wage scales in 1922, and throughout the Movement falling trade and prices brought severe wage cuts, which led to many disputes. There was a big struggle in 1923 between the C.W.S. and the National Union of Distributive and Allied Workers ; and in the following year a large part of the distributive trade in Lancashire was paralysed by a big strike. Two years later there was much resentment among Co-operators when

* See page 359.

† See page 342 *et seq.*

Co-operative employees in the trades affected by the General Strike were called out by the Trade Unions on the same terms as workers in private employment. The Trades Union Congress argued that it was difficult to make exceptions, and that disunity might have arisen among the Trade Unionists affected if Co-operative employees had been allowed to remain at work. This did not satisfy the Co-operative Congress, which in 1928 expressed its regret at the action taken and, stressing its sense of the importance of maintaining good relations between the two movements, welcomed the establishment of a joint committee representing the T.U.C. and the Co-operative Union "to promote closer harmony and to prevent the repetition of events which occurred during the national strike of 1926."

The outcome of this joint committee was an agreement "that the relations between the Trade Union Movement and the Co-operative Movement, with regard to questions arising on the terms and conditions of employment, must be based upon a different policy to that ordinarily applied to the ordinary capitalist undertakings, so far as strikes and lock-outs are concerned. Provided that the Co-operative Societies are recognising and applying recognised Trade Union rates of wages, hours, and working conditions, they shall be immune from strikes and lock-outs in respect of such matters." This agreement did not wholly settle the question at issue; for it left open strike action not "in respect of such matters" as wages, hours, and working conditions. But it was generally accepted as a reasonably satisfactory undertaking, and facilitated the smooth working of the machinery of collective bargaining described in chapter XX.

The Co-operative Survey Committee had laid great stress in its Reports on the need for a further development and a fuller recognition of the auxiliary bodies, such as the Men's and Women's Guilds, and had proposed the creation with this object of a National Auxiliary Council to serve as a main instrument of Co-operative propaganda. This proposal was not accepted; but there was, in the post-war years, a rapid growth of Guild work. We have seen that the Women's Guild took up energetically the question of international Co-operative relations. Its activity in this field was largely responsible for the establishment in 1921 of the International Women's Co-operative Guild, which linked together women Co-operators in many countries and was especially strong in Germany and Austria until the advent of the Nazis. Miss Llewelyn Davies and Miss Lilian Harris, who were both keen internationalists and had taken a large part in promoting this development, both retired from the service of the Women's Guild in 1921, after many years of devoted partnership in the Co-operative cause. A Scottish Co-operative Men's Guild was formed in 1922; and the National Guild of Co-operators, including

men and women together and linking up a number of Mixed Guilds already in existence, came into being in 1926.

In 1921 the Movement developed a new instrument for the discussion of its trading problems by starting an annual Trade and Business Conference for Co-operative managers and officials from all types of Society ; and this new venture proved very useful in raising standards and diffusing the knowledge of new trading methods. Two years later the Joint English and Scottish Co-operative Wholesale Society was registered as a separate legal entity to take charge of the growing joint work of the two Wholesales, especially in the international field. In 1924 the collapse of the Agricultural Wholesale Society and of the Agricultural Organisation Society, which had brought it into being, created fresh problems for Co-operators on the agricultural side of the Movement. The Scottish A.O.S. continued unaffected ; and the Welsh A.O.S., which had split off from the A.O.S. in 1922, was also able to maintain itself with success. In England the National Farmers' Union took over the maintenance of the register of Agricultural Co-operative Societies ; but it was felt that the changed situation demanded measures to bring these Societies into closer connection with the general Co-operative Movement. Accordingly, in 1925 the Co-operative Union proceeded to establish an Agricultural Department, at first jointly with the C.W.S., which withdrew in 1927. The new department included an agricultural organiser, who was able to build up relations with many of the Agricultural Societies, especially those engaged in milk production—a field in which Co-operative retail trade was expanding fast. The Agricultural Department acted as an advisory centre for retail Societies which possessed their own farms, and it prepared the way for the establishment in 1930 of the National Co-operative Milk Trade Association, an advisory body to formulate national Co-operative policy in relation to milk supplies and prices and represent the Co-operative Movement in its dealings with the Government and the Milk Marketing Boards.

The same year, 1930, saw the setting up of the National Co-operative Coal Association to look after the Movement's interests in view of the virtual cartelisation of the coal industry by the Coal Mines Act of that year. At the instance of the Trade and Business Conference, similar national bodies were authorised by the Co-operative Congress for a number of other branches of trade, including meat, bakery, drapery, boots and shoes, and outfitting. Not all the associations proposed were actually set up ; but a number were and served to link together the branches of the wholesale and retail Societies connected with particular trades. Their existence has helped greatly towards the effective formulation of national policies and the stimulation of research into the problems arising in the various fields. The latest to be formed is the National Co-operative Laundry Trade Association, set up in 1941.

A marked feature of Co-operative growth during the inter-war decades was the spread of federal Societies for particular purposes. Such Societies had existed for a long time past on a small scale for coal distribution, and a number of the Productive Societies were in effect federal bodies owned jointly by groups of retail Stores. The largest of such bodies was the Scottish United Co-operative Baking Society, to which reference has already been made.* But between the wars came a rapid development of federal Dairies, Laundries, Pharmacies, Undertaking Societies, and other joint enterprises, some on quite a small scale, but others, such as the United Co-operative Laundries Association in the Manchester area, of considerable size. By 1935 these federal local Societies numbered over fifty, including seventeen Laundry Societies, sixteen Bakery Societies, and seven Dairy Societies—to particularise only the principal groups. By 1942 the total number was sixty, including seventeen Laundry Societies, sixteen Bakery Societies, and nine Dairy Societies; and this type of development was gaining in favour as the best way of securing Co-operative activity over large areas in which there were a number of separate local distributive Societies unwilling to merge into a single united body. There are substantial economies to be obtained by joint action in these fields; and, still more, a larger scale of operations makes for improved quality of service. The areas of many retail Societies, though they may be adequate for the grocery trade, are too small for many other branches of retail service; and to some extent the decline in sales per member has been due to the failure of the Co-operative Movement in many parts of the country to recognise the need for larger units of service. There have been proposals in recent years to extend the realm of federal action to include the provision of large department stores in big towns, designed to serve a number of neighbouring Societies. Such an experiment would not be wholly new: something rather like it was attempted disastrously in Glasgow in quite early days, and there were also early experiments in Yorkshire. But times have changed since these early failures; and unless local Co-operative Societies are to amalgamate over much larger areas than seems likely in the near future, there is ample room for a big further extension of the federal method.

These local or regional federal Societies are, of course, to be distinguished from the national Societies for particular purposes which exist side by side with the C.W.S. and the S.C.W.S. We have seen that in 1921 the National Co-operative Publishing Society was set up by a fusion of the previously separate English and Scottish bodies. This amalgamated body, which in 1935 adopted the name of the Co-operative Press Ltd., took a big step forward when, in 1929, it bought the old-established *Reynolds' Newspaper*. This well-known

* See page 152.

Sunday journal, originally started by the Chartist, G. W. M. Reynolds, about 1850, had been through most of its existence one of the most influential Radical newspapers. Latterly it had fallen on bad days, and the Co-operative Movement, in taking it over, had to face the task of rebuilding its circulation and influence. Progress was at first slow; for it was not easy to persuade the Movement to supply the large amount of capital needed for running a really effective Sunday newspaper. But at length in 1935, with the help of the federal organisations, a large amount of the required capital was forthcoming, and the paper was thoroughly reorganised. It has since become recognised as one of the best-run of the Sunday papers, and from the democratic standpoint by far the best. Its editor up to 1942, Mr. S. R. Elliott, showed an excellent journalistic sense and gathered round him a notable body of contributors, including Mr. H. N. Brailsford and Mr. Max Werner, certainly the best war commentator of to-day. Mr. Alfred Barnes, the chairman of the Co-operative Press as well as of the Co-operative Party, fought manfully for *Reynolds* through the early difficult days; and the success, when it came, was richly deserved. Among other recruits of recent years to Co-operative journalism, mention must be made, of the *Co-operative Review*, launched by the Co-operative Union in 1926. The Movement had long needed a serious magazine for the discussion of wider Co-operative problems to match *The Producer*, the magazine of the C.W.S., on the trading side. The Co-operative Union also issued, from 1918 to 1938, the quarterly *Co-operative Educator*, which in 1938 was incorporated in the *Co-operative Review*.

The growth of the Co-operative Party, and the emergence of problems of Co-operative policy requiring adjustment in the light of the growing importance of the Labour Party and the need for reaching an accommodation with it, led, as we shall see in a subsequent chapter,* to a good deal of self-examination in the Co-operative Movement, especially on those questions over which there seemed most likely to be a practical clash. In 1925 the Co-operative Congress wrote into the objects of the Co-operative Union the establishment of a Co-operative Commonwealth, and thus emphasised its hostility to the system of capitalism and accepted the wide objective of a change of system. This, however, left open the question of the relative parts to be played in the new society by State and municipal enterprise on the one hand and Co-operative enterprise on the other. The Labour Party's Enabling Bill of 1924, which would have opened the door wide to an extension of municipal services, stirred up hostility among Co-operators who feared a public invasion of forms of business in which they were extending the range of their own activities. A committee set up by the Co-operative Union to inquire into the problem reported in 1928 "that in relation to the distributive

* See page 310.

trades, the policy of development by Co-operative Societies offers the most practical and satisfactory way of extending collectivist principles in meeting the needs of the community"—a view which ran counter to Labour proposals for the municipal control of the retail trade in milk and coal. It will be more convenient to consider this question further in relation to the development of the Co-operative Party than to pursue it here. What the discussion showed was that Co-operators were coming to realise the need for a clearer definition of their aims and policies and also for a more effective organisation of the entire Movement for the furtherance of these aims.

In these circumstances the proposals of the Survey Committee which had been set aside in 1920 came under renewed consideration. In 1928 Alfred Whitehead, as chairman of the Co-operative Congress, called for stronger measures against overlapping and parochialism and for a more vigorous central leadership in the Movement. At the York Congress of 1930 the London Co-operators revived the demand for a full-time National Executive to represent the entire Movement. The proposal was rejected, but a Committee of Inquiry was set up to report the following year. A minority of this committee favoured the full-time plan; but when, after a year's adjournment, the Congress of 1932 pronounced judgment the majority view was accepted. The structure of the Co-operative Union was overhauled, and a number of its committees were abolished. The United Board was replaced by an executive committee, which was put in direct charge of the various departments of the Union. The Central Educational Committee was reorganised as a National Education Council, representing the Sectional Boards, the Educational Associations, the Guilds, the Co-operative Officials, and the National Union of Distributive and Allied Workers; and an Educational Executive was set up to take charge of the day-to-day educational work, including the Co-operative College. The Co-operative Party was given representation on the Co-operative Parliamentary Committee, and a number of more detailed changes were made.

More important than any of these developments—at any rate in intention—was the establishment, as part of the reforms of 1932, of the National Co-operative Authority, designed to bring together all sections of the Movement in a common body capable of speaking authoritatively on major issues. The N.C.A. is made up of the Executive of the Co-operative Union, to whom are added four members from the C.W.S., two from the S.C.W.S., two from the Co-operative Party, and one each from the Co-operative Productive Federation and the Co-operative Press. The Guilds, it will be noticed, are not given representation on the N.C.A., though Guild members may, of course, sit upon it if they are chosen by other bodies. The N.C.A. is a consultative and not an administrative body,

resembling in this the National Council of Labour formed by the Labour Party and the Trades Union Congress, to which it was meant to be a Co-operative counterpart. It has not, however, achieved all that was hoped from it; and it is to be observed that when at last in 1942 the Co-operative Movement agreed to become fully associated with the National Council of Labour, the Co-operative Union, rather than the N.C.A., was chosen as the body through which this association was implemented.*

Co-operators were in great need in 1932 of some body to represent them adequately in their dealings with the State. The fall of the Labour Government in 1931 had been followed by a large-scale resumption of the Press campaign against Co-operation instigated by the private trading interests, and in 1933 the Chancellor of the Exchequer carried through his proposals for imposing further taxation on the Movement. These will be considered in the next chapter in connection with the development of Co-operative parliamentary activity.†

In 1934, when the taxation struggle was over, Co-operators returned to a consideration of their domestic problems of reform. After some discussion the Co-operative Wholesale Society was given power to enter into retail trade by setting up a separate C.W.S. Retail Society. The Scottish C.W.S. had already entered into this field by taking over a number of local Societies in sparsely populated areas; and it was now agreed to give the English C.W.S. a similar power, partly with the idea that it might be possible by this method to invade successfully some of the "Co-operative deserts" in England and Wales, and partly in order to give it the power to take over and run local Societies which got into serious difficulties, so as to nurse them back to health and independence. Some of the supporters of the proposal had, indeed, much wider ideas, advocating the establishment of chain stores on the Woolworth model all over the country under the direct auspices of the C.W.S.

The C.W.S. directors, however, showed no desire to make extensive use of the privilege conferred on them. In 1936 they took over the local Society at Cardiff, which had got into serious trouble; and since then a number of other Societies have been taken over, to the number of at least eighteen by 1944. Apart from this the C.W.S. made no attempt to embark upon retail trade. Other matters were occupying most of its attention. In 1937 the agricultural department of the C.W.S. was reorganised so as to concentrate the big and growing trade in agricultural requisites under unified control and to bring about closer relations between the C.W.S. and the Agricultural Co-operative Movement as a whole. The C.W.S. had already associated itself with the Horace Plunkett Foundation, the research and information centre of the Agricultural Co-operative Movement, and

* See page 330.

† See page 327.

had built up for itself a key position in that movement as a supplier of feeding stuffs and fertilisers, which it was producing in its own factories to an increasing extent. It was also building up a growing trade in seeds and was making its name widely known through its exhibits at the agricultural shows up and down the country.

Meanwhile the Cardiff Co-operative Congress of 1935 had launched the Ten Year Plan of Co-operative Development, designed to culminate in 1944, the centenary year of the Rochdale Pioneers. The notion of "planning" had been for some time in the air, and admirers of the Soviet Five Year Plans especially had been urging upon the Co-operative Movement the need for more comprehensive planning of its development. The actual plan adopted in 1935 had, however, very little in common with Soviet planning. It was nothing more than the setting of a target for the total expansion of Co-operative trade and production over the next ten years, with the setting to each section of the Movement of its own target, determined in accordance with its particular conditions and opportunities. The plan, which was to be carried through under the aegis of the Co-operative Movement's Joint Trade and Propaganda Committee, aimed at certain definite rates of increase over the ten years: in membership, in trade per member, and in the proportion of Co-operative products included in the total trade. It was recognised that the opportunities for expansion differed widely among the retail Societies from area to area. Some Societies, especially in the smaller centres, had already enrolled a large proportion of the available households, but sold little except groceries, or had for other reasons a low turnover per head of Co-operative population. Others, with a high total turnover, sold relatively few goods produced under Co-operative conditions. In most of the larger centres there was room for a big increase in membership; and in many, despite the offer of a wide range of services, trade per member was very low. In accordance with these differing conditions the purpose was to set each Section of the Co-operative Union a collective target, which it would then break up into smaller targets and assign to the several Societies within its area.

Such was the Co-operative Ten Year Plan of 1935, which is in its final year as I write these words. Over the eight years from 1935 to 1942 the total membership of the retail Societies increased from 7,483,937 to 8,924,868. The average size of the Societies rose from 6,694 to 8,436. Total sales rose from £220 million to £319 million, and sales per member from £29.45 to £35.79—these increases being assisted by some rise in the level of prices, especially after the outbreak of war. In 1938 total sales were £263 million and sales per member £31.32. Over the same periods the net sales of the C.W.S. increased from £98 million in 1935 to £125 million in 1938 and £157 million in 1942, while the output of its productive works increased from £35 million in 1935 to £47 million in 1938 and £48

million in 1942. The S.C.W.S. sales, meanwhile, rose from £19 million in 1935 to over £27 million in 1938 and £34 million in 1942, while the Irish Agricultural Wholesale Society had a distributive trade of £562,000 in 1935, £648,000 in 1938, and £722,000 in 1942. These rates of progress are not unsatisfactory in themselves ; but they obviously fall far short of the declared aim of the plan: "A Co-operative Movement serving the bulk of the homes of Great Britain, supplying most of the domestic requirements from Co-operative factories, and giving a range of services at least as wide as the best examples among present-day Societies."*

Meanwhile, on the educational side, considerable developments had been taking place. The Co-operative College, in default of a building of its own, opened its doors in 1919 in Holyoake House, the headquarters of the Co-operative Union in Manchester. The first residential hostel for students was acquired in 1923 and a second in 1932 ; but the proposal to raise a large endowment fund for the building of an adequate College, mooted in 1919, came to grief in consequence of the post-war slump, and was not taken up again until 1944, when a national appeal for £250,000 was launched as part of the Movement's centenary effort. In 1944, moreover, the Co-operative Union acquired for the College a new hostel at Wilmslow, in Cheshire, with extensive grounds. The College progressed slowly from its foundation up to the outbreak of war in 1939, and enjoyed the distinction of being the only working-class adult college that was able to remain open during the war period. The number of regular students inevitably fell off ; but special arrangements were made to carry on short courses for war-time students, including employees, and facilities were also given to Canadian, Polish, and other overseas Co-operative students. The Co-operative Union also considerably developed its summer school activities between the wars and was able to maintain this side of its work vigorously after 1939.

Closely connected with the educational side of the Movement is its activity in the field of youth organisation. Co-operative youth work, in its modern form, began with the establishment of Youth Circles by some of the more active local Societies—notably Leeds (1906) and Royal Arsenal (1907). In 1909 the Co-operative Congress, on the motion of Julia Madams, gave its support to this work, and slow progress was made up to 1914, when the development was cut short by the war. In 1919 began a rapid growth, many local Societies organising Junior Guilds, Junior Circles, and Junior Classes in Co-operative subjects, and some venturing into the field of adolescent work as well. This latter development led in 1924 to the setting up of the British Federation of Co-operative Youth, open to young people between the ages of fourteen and twenty-five, with Comrades

* E. Topham, *The Ten Year Plan* (Co-operative Union, 1935).

Circles as its local units. In 1926 the first summer school for adolescents was held, and in the following years the Co-operative Union took an increasing interest in the youth work as well as in the extension of the "junior" work among children below the school-leaving age. In 1930 the magazine *Co-operative Youth* was started for the B.F.C.Y.; and in 1937, as part of the Co-operative Ten Year Plan, the Co-operative Union appointed a Youth Organiser to deal both with the Comrades Circles, by then numbering well over 200, and with the Junior Groups.

By this time it had been realised that the age-spread fourteen to twenty-five was too wide for really effective youth work. The British Federation of Co-operative Youth urged that an age-division should be made at eighteen; and discussions aiming at a complete reorganisation of the movement so as to establish a unified National Co-operative Youth Organisation with appropriate age-groups were in progress at the outbreak of war. War and evacuation then seriously upset activities; but special efforts were made to provide for young Co-operators in reception areas, and in 1940, in connection with the national development of youth work, two additional Youth Organisers were appointed under the Co-operative Union and the movement was recognised for grant aid by the Board of Education. In 1941 the delayed plan of reorganisation was carried through. There were for the future to be three groups—Rainbow Playways (the rainbow is the Co-operative flag symbol of world unity) for children between seven and eleven; Pathfinders, from eleven to fifteen; and Co-operative Youth Clubs from fifteen to twenty. This meant the exclusion of those over twenty years of age; and the British Federation of Co-operative Youth was converted into the British Federation of Young Co-operators and made an entirely independent body apart from the Co-operative Youth Movement to provide for Co-operators between twenty and twenty-five years old. The B.F.Y.C. is helped financially by the Co-operative Union, which is represented on its Executive. It publishes its own journal, *Comrade*. Another independent body, the Woodcraft Folk,* first organised in 1925 and closely connected with some local Societies, notably the Royal Arsenal, enrolled young people from seven years upwards, and was primarily an outdoor and camping body. For some time there were no formal relations between the Co-operative Union and the Woodcraft Folk, but from October 1st, 1944, the Woodcraft Folk have become part of the British Co-operative Youth Movement, with the two junior groups, the Elfin and Pioneers, corresponding to the Rainbow Playways and Pathfinders.

The Youth Movement proper, organised under the Co-operative Union with substantial help from the C.W.S. and S.C.W.S., now

* The Woodcraft Folk are organised in three age groups: Elfin-folk, 6 to 10, Pioneers, 10 to 16, Kinsfolk, over 16. There is no fixed upper age limit.

runs, in addition to summer schools for seniors and juniors, special courses for the training of youth leaders; and Sectional Co-operative Youth Committees, representing partly the Sectional Educational Associations and partly the leaders and members of the clubs, have begun to be set up. Moreover, in 1943 the Union established a new body, Co-operative Youth Centres Limited, to acquire and maintain Youth Centres all over the country. The first centre, Tong Hall, near Bradford, in the midst of a large agricultural estate owned by the Huddersfield Society, was opened in May, 1944. There were then 362 Youth Clubs, with nearly 39,000 members; 340 Pathfinders Circles, with about 13,000; and 85 Rainbow Playways Groups, with about 2,500. These figures indicate that there is still an enormous field awaiting development. The second centre, Dalston Hall, near Carlisle, Cumberland, together with 136 acres of parklands, woods, and spinneys, was opened in July, 1944. A few Societies have taken up youth work with real energy, fitting up special premises for it and taking advantage of the central facilities for the supply of equipment provided by the Co-operative Union. But the movement, in its present form, is still in its infancy, and really rapid development will probably be delayed until the war is at an end.

Co-operative Youth organisation, in all its forms, is markedly internationalist. The simple declarations of faith which it requires of its members include, for all ages, a profession of international brotherhood. For the youngest it is: "I will think of children in other countries as my friends"; for the Pathfinders, "I will extend to children of all nations the hand of comradeship"; and for Club members, "I believe that the resources of the world and the accumulated knowledge of past centuries should be the common inheritance of all mankind, and I pledge myself to work for a community wherein all men shall live co-operatively in peace and happiness." The international spirit is strong in Co-operation everywhere, and has become stronger since the International Co-operative Alliance began effectively to enrol the Co-operators of the agricultural as well as the industrial countries.*

* See page 355.

XIX.

CO-OPERATORS IN POLITICS

We have seen that in 1917, mainly as a result of unfair treatment by the Government during the war, the Co-operative Congress reversed its traditional policy of neutrality in politics and decided to seek direct representation of Co-operators in both national and local government, as well as 'upon all bodies set up to control trades or industries in which the consumers' interests were closely concerned. This decision was not reached without a considerable struggle ; and behind it lay a long history of Co-operative debate. In its earlier days Co-operation had been fortunate in finding enthusiastic advocates in the House of Commons drawn from both sides of the House. R. A. Slaney, the proposer of the first Bill designed to legalise Co-operative Societies and ensure to them the positive protection of the law, was a reforming Irishman ; T. Sotherton Estcourt, their next notable backer, was a Conservative ; and both Cobden and Bright, and Gladstone himself, were supporters of Co-operative claims. In 1861 Walter Morrison, thereafter one of the staunchest friends of Co-operation, was returned for Plymouth, and held the seat until 1874. He returned to Parliament in 1886, after a long interval, as member for Skipton, where he was beaten in 1892, won again in 1895, and was beaten again in 1900, when his career in Parliament came to an end. Thomas Hughes, the Christian Socialist author of *Tom Brown's Schooldays*, entered the House of Commons as member for Lambeth, a noted Radical constituency, in 1865, and transferred to Frome in 1868, sitting for the latter constituency until 1874, when he was nominated for Marylebone, but withdrew at the last moment and did not thereafter stand again. Thus in 1874 the Co-operative Movement lost its two most consistent parliamentary advocates, and though it continued to have friends in the House had none on whom it could so thoroughly rely to be always ready to put its interests in the forefront. Alexander Macdonald, the Miners' leader, returned for Stafford in 1874 as one of the first Trade Union M.P.s, was a good friend to the Co-operative Movement ; and so were most of the little band of Liberal Trade Unionists who won seats in later Parliaments and, after the rise of Independent Labour Representation, most of the Labour members. Arthur Acland, who sat for Rotherham as a Liberal from 1885 to 1899, and was President of the Board of Education in Gladstone's Cabinet of 1892, was, of course, a steady friend of Co-operation, and continued to serve the Movement throughout his career. But Co-operation had, in the Parliaments of the latter part of the nineteenth century, few thorough-going advocates to uphold its claims against the growing hostility of the private trading interests.

This was not for want of attempts by a number of leading Co-operators to get into Parliament in much the same way as leading Trade Unionists were getting there: by securing adoption as Liberal and Radical candidates. At the General Election of 1892 Fred Maddison, the Co-partnership advocate, stood for Central Hull, and Benjamin Jones, the London manager of the C.W.S., for Woolwich, both opposed only by Tories ; and in 1895 the same two appeared as candidates for the same constituencies. Maddison got quite near victory in 1892, with 4,462 votes against 4,938, but did worse in 1895, when he was beaten by 5,476 to 3,515. Jones got 4,100 to 5,922 in 1892, and 3,857 to 6,662 in 1895. Then in 1897 Maddison won the Brightside division of Sheffield at a by-election by the narrow majority of 4,289 to 4,106; but in 1900, at the "Khaki Election," Maddison lost his seat by 4,028 to 4,992. On this occasion Benjamin Jones tried again, this time at Deptford, where he was beaten by 6,236 to 3,806 ; while William Maxwell fought the Trades-union division of Glasgow, and lost by 4,389 to 2,785. In 1906, in the "Liberal landslide" which was also the effective first appearance of the Labour Party in strength, Maddison won at Burnley against a Conservative and the Social Democrat, H. M. Hyndman, who came in last ; and a second Co-operator, Henry Vivian, also connected mainly with the Co-partnership side of the Movement, won at Birkenhead. There were thus two leading Co-operators in the Parliament of 1906, both sitting as Liberals. But in January, 1910, a Conservative beat Maddison at Burnley, and his attempt in December, 1910—the second General Election in the one year—to get back at Darlington was unsuccessful. Vivian held his Birkenhead seat in January, 1910, only to lose it in December, so that during the years from 1911 to 1917 Co-operators had been without anyone in Parliament whom they could regard as in effect representing them, though, of course, many of the Labour M.P.s were active Co-operators.

Neither Maddison nor Vivian sat in the House of Commons under Co-operative auspices. They sat as Liberals, and were put forward as Liberal candidates. Both were strong on the Free Trade issue, and can be found again and again in the Reports of the Co-operative Congress taking a strong Liberal line against the Labour Party as well as against the Conservatives. In earlier days Co-operation had gained some of its best support from Tories who had been influenced by Christian Socialism ; but well before 1900 the predominant political tone of the Movement had become Liberal ; and when the issue of direct Co-operative representation in Parliament was raised it came up against a deeply rooted Liberal tradition reinforced by Co-operative feeling in favour of Free Trade, which was, of course, the greatest immediate political issue in the early years of the new century.

There were, however, in the ranks of the Co-operative Movement a great many Trade Unionists and members or supporters of the Women's Guild who were ardent advocates of Independent Labour Representation ; and these were naturally eager to bring Co-operation, as well as Trade Unionism, into the field in support of the movement for an independent working-class party led by Keir Hardie and the I.L.P. The feeling in favour of independent political action was on the whole strongest in Scotland and in the South of England, or rather in London. It was strong in Scotland because Scottish Liberalism was in general much more hostile than Liberalism in the North of England to working-class claims. There had been practically no "Lib-Lab" Movement in Scotland ; and there was on the Liberal side no inclination to come to terms with the Labour Party when it entered the field. In 1906 very few of the Labour candidates in England were opposed by the Liberals ; but in Scotland every Labour candidate had to face a three-cornered fight. In London Co-operation was weak ; but what there was of it tended to be keenly "Labour" in sympathy. It was not, like Co-operation in its old Lancashire and Yorkshire strongholds, permeated by Liberal feeling handed down from the great era of Gladstone in his prime. Nor were there in either Scotland or London the same close links between Store and chapel as existed in many parts of the North, and tended to keep leading Co-operators on the Liberal side as long as Liberalism and Nonconformity walked hand in hand.

The first serious attempt to bring the Co-operative Movement bodily into politics was made at the Co-operative Congress of 1897, when William Maxwell, of the Scottish C.W.S., gave a strong lead from the presidential chair, and Congress, on the motion of the Norwich Society, unanimously resolved "that this Congress feels that the time has arrived for the direct representation of the Co-operative Movement in Parliament and other councils of the United Kingdom, and instructs the Co-operative Union, with the co-operation of the English and Scottish Wholesale Societies, to take steps for that purpose." The resolution was categorical enough ; and under it a joint committee of the Union and the two Wholesales set to work to sound the opinion of the Movement. Of 1,659 Societies circularised only 160 replied ; and among these views were equally divided for and against. At the Congress of 1898 the joint committee reported against taking any further action ; and an amendment moved by the Scottish C.W.S. in favour of action was, after vigorous discussion, adjourned to the following year. The Congress of 1899 decided to refer the whole question for further consideration to the Sections of the Union, and keen debates took place all over the country during the following months, actually at the very time when the Trade Unions were similarly debating the establishment of the Labour Representation Committee. But whereas, in 1900,

the L.R.C. was launched on its way, the joint committee reported to the Co-operative Congress of that year that voting in the Sections had gone by more than two to one against Co-operative representation, and a resolution from a Scottish Society urging action was decisively rejected. Thus the Labour Representation Committee, which in 1906 became the Labour Party, got first into the field with its claim to be *the* party of the working class ; and naturally many keen Co-operators who were in favour of independent working-class representation in Parliament rallied to its support in face of the refusal of the Co-operative Movement to forsake its tradition of political neutrality. The Labour Party, from its formation in 1900 as the L.R.C., was ready to receive Co-operative affiliations, and many attempts were made by Labour supporters to induce Co-operative Societies to join it. A single Co-operative Society—Tunbridge Wells—joined the Labour Party in its early days ; but in general the Societies accepted the verdict of Congress against collective political action.

From 1892 onwards the political problems of the Co-operative Movement have been looked after by a Joint Parliamentary Committee representing the Co-operative Union and the two Wholesale Societies. It was the function of this body to watch legislation likely to affect the Movement, to keep an eye on the administrative doings of Government departments, to send deputations to Ministers, to parry the attacks of the private traders, and generally to act as the organ of the Movement in its dealings with the State. The Joint Parliamentary Committee found increasing difficulty in satisfactorily carrying out its mandate as the Movement grew, and accordingly aroused more vehement hostility. Consequently the next attempt to raise the issue of Co-operative political action came from this source. In 1905 the Joint Parliamentary Committee reported on its difficulties and stated that its experience had forced it " to the conclusion that, until the Co-operative Movement has some direct representation in Parliament, no great headway can be made in the direction of legislation on lines which Co-operators would like to see adopted." It went on to say that attempts were continually being made in Parliament " to influence legislation in a manner detrimental to our Movement," and that it was often powerless to check such attempts. " Almost every other organised body in the kingdom has one or more representatives in Parliament to watch its interests and to prevent legislation inimical to its welfare : the Co-operative Movement alone among all powerful organisations remains unrepresented."

In support of this conclusion Thomas Tweddell, the chairman of the joint committee, read to Congress a paper strongly advocating direct Co-operative representation ; and a resolution, moved on behalf of the committee, was carried in the following terms :—

"This Congress is of opinion that the time has arrived when it is necessary, in the best interests of the Co-operative Movement, that Co-operators, in and through their own organisation, should take a larger share in the legislative and administrative government of the country."

To this resolution, which was carried by a large majority, the Manchester and Salford Society sought to add a much more precise declaration, in favour of the Co-operative Movement "joining forces with the Labour Representation Committee, thus forming a strong party of progress and reform." This, however, was countered by an amendment from the Leeds Society, explicitly disapproving of any alliance with any political party and rejecting any joining of forces with the L.R.C. The amendment was carried by 801 votes to 135. The Congress had thus approved in principle of political action, but had rejected fusion of forces with the L.R.C. or alliance with any political party, and had done nothing to set up any purely Co-operative instrument for giving effect to the principle which it had laid down.

At the following Congress in 1906 the Scottish Section attempted to fill this gap with a resolution urging that the matter should be referred to the United Board, with instructions "to consider and report what steps should be taken to secure at least one direct representative of the Movement in Parliament." The North-Western Section, as against this, moved that "as there is no evidence that the Movement is prepared to support direct representation in Parliament with the necessary financial assistance, the subject be now dropped." This amendment was carried by 769, against 327 for the Scottish resolution. It will be observed that in view of the decision of 1905 the opposition had now formally shifted its ground from direct hostility to a *non possumus* based on financial grounds.

The Joint Parliamentary Committee returned to the attack in 1908 with a resolution reaffirming the decision of 1905, stressing the smallness of the sum needed in comparison with the advantages to be obtained, and calling on the Co-operative Union and the two Wholesales to consider ways and means "of providing the funds required to maintain our representatives in Parliament, presuming that the election of such can be secured in the constituencies." After vigorous discussion this resolution was rejected; and thereafter for several years the matter was allowed to rest. William Maxwell returned to the charge in a speech at the Congress of 1912; and, largely on account of his insistence, representatives of the Co-operative Union, the Trades Union Congress, and the Labour Party met in February, 1913, to consider four questions, of which the first was: "How best can the forces of the Co-operative, Trade Union, and Labour Movements be utilised to raise the economic status of the people?" The other questions discussed were the

practicability of investing the capital of the Trade Unions in the Co-operative Movement, the possibilities of mutual assistance in propaganda and education, and the methods whereby Co-operative Societies could give greater help to Trade Unions in industrial disputes.

This meeting was held at the height of the great labour unrest of the years before 1914 ; and undoubtedly one reason for holding it was that, especially in the national mining dispute of 1912, many questions had arisen in connection with the provision of goods on credit to men on strike. The joint meeting placed on record its belief in the desirability of closer unity and arranged to continue its discussions ; but at the Co-operative Congress of 1913 a resolution endorsing the proceedings was rejected by 1,346 votes to 580. Instead, the meeting passed an amendment "that this Congress, while approving of concerted action with Trade Unions and other organised bodies for raising the status of labour, cannot sanction union with the political Labour Party; and that the Central Board be instructed strictly to maintain the neutrality of the Movement in respect of party politics, so that political dissension in our ranks may be avoided."

In spite of this decision the Central Board resumed its discussions with the Trades Union Congress and the Labour Party, and the three bodies agreed to recommend the setting up of a permanent United Co-operative and Labour Board for joint propaganda and education for the promotion of closer relations, but without parliamentary political functions. This proposal came before the Dublin Co-operative Congress of 1914, but on the motion of the C.W.S. was ordered to be submitted to the Movement for further consideration before any decision was taken. Then came the outbreak of war, and at the Leicester Congress of 1915 the Central Board recommended that on this account no further action should be taken towards "co-operation with other forces."

Thus the Co-operative Movement entered the first world war pledged, despite the views of a considerable section of its members, to the maintenance of political neutrality. We have seen in a previous chapter* how quickly war experience caused this attitude to be changed, not into a willingness to join forces with the Labour Party, but into a determination to seek direct Co-operative representation in both national and local government. It is not possible to say what were the respective parts played in this conversion by the working of the leaven of those Co-operators who had so persistently advocated political action by the Movement for many years, by the anger of Co-operators in general over the abuses of food control, and by the acute resentment at the subjection of Co-operative Societies to Excess Profits Duty on terms which were

* See page 293 *et seq*

generally regarded as unjust. All three things went together and produced an overwhelming vote in favour of action to "secure direct representation in Parliament and on all local administrative bodies." An amendment put forward by the C.W.S., calling for a vote by the Societies for or against political action and on their willingness to give the necessary support, found only 201 supporters against 1,979.

The decision of the Swansea Congress of 1917 was followed up by the summoning of a national emergency political conference, which was held in London in October, 1917. This conference approved a national plan for mutual aid between the Co-operative and Trade Union Movements, and went on to set up a National Co-operative Representation Committee under the auspices of the Joint Parliamentary Committee and to authorise the establishment of local Co-operative Political Councils. It also took the first steps towards defining the objects of the new movement and equipping it with a national and municipal programme. But, though the decision to embark on political action was unequivocal, the methods to be followed were still by no means clearly defined. There was plainly no mandate to join forces with the Labour Party, then engaged in setting its own house in order with a view to appearing before the electors, as soon as the war ended, as a fully organised national party with branches in all parts of the country. The Swansea resolution had carefully left out all mention of the Labour Party, and had spoken of Co-operative representation alone. Yet it was clear enough that Co-operators and Trade Unionists, two groups which overlapped to a very great extent, could not for long independently seek representation either nationally or locally without either coming to some sort of agreement or becoming involved in serious clashes which would very greatly prejudice the chances of both.

The extent of this necessity was not indeed fully realised in 1917. Up to that time the Labour Party had been definitely a minority party, contesting only a quite limited number of constituencies. In December, 1910, the last General Election before the war, there had been only sixty-two Labour candidates (*plus* three independent Socialists). Only one seat in ten had been fought by the Labour Party. Had this state of affairs continued there would have been nothing to prevent Co-operative candidates from taking the field in constituencies not fought by the Labour Party without any serious clashes arising. Even so Co-operative candidates would not have stood much chance of success without local Labour support; but it might have been possible to secure this without any formal national arrangement between the two Movements. By 1917, however, the situation was very different from what it had been in 1910. The great Liberal Party had split up into warring factions; and the Labour Party was already in process of transforming itself into a nationally organised party with the aspiration of contesting practically every parliamentary

seat, and was at the same time extending very rapidly the scope of its local government activities. Former Liberals in the working-class ranks were coming over in great numbers to Labour; and the Labour Party leaders were set on making a real bid for political power as soon as the war came to an end.

This change was not complete at the time when the Co-operative Movement decided to enter politics. It is more than possible that the entry upon the scene of the Co-operative Party, as it was called from 1918, hastened the plans of Arthur Henderson and Sidney Webb, who were the principal draftsmen of the new Labour Party Constitution of 1918. At all events, in January, 1918, the Labour Party at its Nottingham Conference adopted a new Constitution which radically transformed it from a minority party based almost wholly on the Trade Unions into a national party seeking to build up a constituency organisation all over the country. Local Labour Parties, which had been until then for the most part little more than pieces of electoral machinery federating the local Trade Union branches with Keir Hardie's Independent Labour Party—the leading Socialist Society—were converted into real local propagandist bodies with individual members as well as affiliated societies and Trade Union branches; and new local Labour Parties were set up at a great pace all over the country, ousting the I.L.P. and the local Trades Councils from many of their previous functions. An appeal was made to all “workers by hand and brain” to rally to the newly fashioned Labour Party; and the manifesto on *Labour and the New Social Order*, drafted by Sidney Webb and adopted as the basis of the new Labour programme, committed the party definitely to an evolutionary Socialist doctrine as well as to a far-reaching series of social and economic reforms. It was made clear that the Labour Party had put its old status behind it, and was making a positive bid for the succession to the inheritance of the Liberal Party in British political life. Preparations were set on foot for contesting the largest possible number of constituencies, in town and country alike; and support was asked for from every promising source, including the local Co-operative Societies, to which it was fully open to affiliate to the new local Labour Parties wherever they so desired.

In these changed circumstances it was by 1918 plainly out of the question for the Co-operative Movement to set to work to build up a Co-operative Party side by side with the Labour Party without taking any account of the Labour Party's existence. There might have been room, side by side, for two co-equal parties based predominantly on the working class if they had both been of the pre-1918 Labour Party type. There was no possible room for a second entirely independent working-class party on a really national scale side by side with the new Labour Party of 1918.

Of course, there would have had to be room for two such parties if they had stood for essentially different and conflicting policies. Even so, they would have cut each other's throats ; but it might have been argued that this could not be helped. Cut-throat competition between rival working-class parties did develop after 1918 in many parts of Europe, where Social Democrats and Communists waged disastrous warfare for political power. But the situation as between the Labour Party and the Co-operative Party was not at all the same. The two parties stood in the main not for rival or conflicting policies but for much the same policy with differences of emphasis corresponding to the broad differences of their foundations. Resting respectively, in their mass support, on Trade Unionism and on Consumers' Co-operation, they approached political problems from different angles ; but they converged for the most part on common solutions. Over such matters as food prices and rationing, the control of monopolies, and hostility to the great vested interests of capitalism there was nothing between them. They stood for the same things ; and the Trade Unions and the Labour Party as a whole gave the fullest support to the Co-operative claims. The Labour Party stressed, whereas the Co-operative Party at this stage did not, the need for national or municipal ownership and control of a wide range of essential industries and services ; but most Co-operators were favourable to a large part of the Labour programme in this respect. The Co-operative Party, indeed, was destined soon to declare unequivocally in favour of large extensions of public ownership to cover essential services which could clearly not be brought under voluntary Co-operative control. There were a few points at which the two programmes seemed in danger of clashing—especially milk supply and coal supply, fields in which Co-operative distribution (and also production in the case of milk) had been making rapid strides. But the differences on these points looked fully capable of adjustment, and were in fact reasonably well adjusted for the time being when there had been opportunity to talk them over. Such exceptions apart, there seemed to be little difficulty in the way of getting comprehensive agreement between the two parties in respect of their immediate programmes, even if their longer-run objectives were differently defined. The Labour Party had become explicitly a Socialist Party aiming at the Socialist Commonwealth ; whereas the Co-operative Party and the Co-operative Movement as a whole defined their objective as the Co-operative Commonwealth. Both, however, were equally hostile to capitalism ; and it was by no means evident that, for practical purposes, the two aims seriously clashed. Co-operators mostly agreed that many basic industries and services ought to pass under public ownership ; and most Socialists agreed that there would be a large sphere for Co-operation in a Socialist Community.

Co-operators, however, were not prepared to commit themselves to "Socialism" as an objective, even if the immediate Socialist programme was acceptable to most of them. And the Labour Party, on its side, was not prepared to admit a Co-operative claim to build up a new predominantly working-class party on a national scale side by side with itself, and as its equal in seeking political power. It was impossible for the two parties to fuse into one, if only because the Co-operative Congress would never have accepted Socialism as the basis of its political action ; but it was just as impossible for them to exist side by side without any working arrangement.

Early in 1918 the first sign that Co-operators were at length minded to work with Trade Unionists and with the Labour Party in political matters appeared in the form of a joint Co-operative Union, Trades Union Congress, and Labour Party manifesto welcoming President Wilson's famous declaration on war aims. This was the first fruit of the establishment in January, 1918, of a joint committee representing the Co-operative Joint Parliamentary Committee (to which the Co-operative Representation Committee was at that time subject), the Trades Union Congress Parliamentary Committee, and the Labour Party Executive Committee, with the object of avoiding electoral clashes. The Liverpool Co-operative Congress of 1918 had decided that Co-operative parliamentary candidates should run under the exclusive designation of "Co-operative," and not as "Co-operative and Labour," or any similar combination. Already early in 1918 the Co-operative Representation Committee had fought its first contest at Prestwich, in Lancashire, with Henry J. May, then secretary of the Joint Parliamentary Committee and later of the International Co-operative Alliance, as its candidate. At the General Election in December, following immediately upon the armistice, the Co-operative Representation Committee put ten candidates into the field at Kettering, Central Leeds, the Sparkbrook and King's Norton divisions of Birmingham, Mossley in Manchester, the Hillsborough division of Sheffield, South Bradford, Paisley, Kilmarnock, and Clackmannan. They had one success, in the old Co-operative stronghold of Kettering, where A. E. Waterson was elected in a three-cornered fight against a Coalition Liberal and a candidate standing for a short-lived National Party.

Waterson's election immediately raised afresh the problem of Co-operative-Labour relations ; for in the House of Commons he at once joined the Labour Party. In June, 1919, the Carlisle Co-operative Congress, at which the Co-operative Representation Committee formally became the Co-operative Party, instructed the Co-operative Party's National Committee to open negotiations with the Labour Party and the Trades Union Congress for an electoral federation, "with the ultimate aim of a united People's or Democratic Party." Negotiations were accordingly set on foot ; and in 1920

there emerged an agreed draft for a "Labour and Co-operative Political Alliance." The plan was to form a united body which would be empowered to issue policy declarations in harmony with the conference decisions of the three bodies, to take action designed to prevent clashes in either national or local elections, to endorse both Labour and Co-operative official candidates so as to give them the blessing of both Movements, and to secure concerted action locally in support of the candidates so endorsed. The Labour Party Conference of 1920 agreed to refer the draft to its affiliated bodies for consideration the following year ; but at the Co-operative Congress of 1921 the plan was rejected, after a heated debate, by the narrow majority of four votes ; and it was accordingly not discussed further at the Labour Party Conference. It must be understood that this adverse vote was cast mainly by the representatives of Societies which had not joined the Co-operative Party. Opinion among those who supported the party was for the most part strongly in favour of a Co-operative-Labour Alliance.

A further reason for this rejection was that with the termination of the war Co-operative political enthusiasm had cooled off considerably in a good many of the Societies. At the outset, in 1918, no fewer than 563 Societies had become affiliated to the Co-operative Representation Committee and both the Wholesale Societies had given substantial subscriptions. During the next few years, though the Wholesales kept up their support, there was much falling off on the part of the local Societies. Some dropped out ; and many others, without resigning formally, failed to make any contribution to the funds of the Co-operative Party. In 1921 there were 523 Distributive and 27 Productive Societies nominally affiliated ; but by no means all of these were giving any real support. In 1922 fewer than 450 Societies made any payment, and by 1924 the number was only 393, with a total membership of 1,835,000, as against 959 Societies with 2,712,000 members, which were still outside the party. It will be seen from these figures that on the whole the larger Co-operative Societies tended to affiliate to the party more readily than the smaller, so that the proportion of members affiliated was larger than the proportion of Societies ; but even on a membership basis the Co-operative Party could not claim to represent more than a minority of the Co-operative Movement as a whole. All Societies, however, whether they supported the party or not, were entitled to vote upon its affairs at the annual Co-operative Congress, to which it was subject.

In 1920 the Co-operative Party fought two by-elections. At Paisley, J. M. Biggar, who had contested the seat in 1918, stood against the former Liberal Prime Minister, H. H. Asquith, and a Tory, and got 11,902 votes to Asquith's 14,736, leaving the Government candidate with only 3,795. Later in the year a double vacancy

occurred in the two-member constituency of Stockport, and S. F. Perry, the secretary of the Co-operative Party, ran, in effect, in double harness with a Labour candidate, Sir Leo Money, against two Coalition candidates (Liberal and Tory), two Horatio Bottomley independents, and a Sinn Féiner. The Coalition won both seats, with majorities of 6,000 over Labour and 8,000 over the Co-operator, the other candidates being a long way behind.

At the General Election of 1922 the Co-operative Party put eleven candidates in the field, and four were elected, Waterson losing his Kettering seat. The successful M.P.s were A. V. Alexander, Alfred Barnes, R. C. Morrison, and T. Henderson; and they at once formed a Co-operative Group in the House of Commons, while acting closely with the Labour Party. At the General Election of 1923, which preceded the first Labour Government, the Co-operative Party held its four seats and gained two more, S. F. Perry winning back Kettering and A. Young securing a second Glasgow seat for the party. A. V. Alexander accepted office in the Labour Government as Parliamentary Secretary to the Board of Trade, and Barnes, Morrison, and Perry all became Parliamentary Private Secretaries to Labour Ministers.

Thus in practice the Labour-Co-operative Alliance was complete inside the House of Commons, though it had no counterpart in the relations between the two parties outside Parliament. No substantial opposition was offered in the Co-operative Movement to the entry of the Co-operative M.P.s into the Labour Government or to their virtual absorption in the Parliamentary Labour Party. By joining forces with Labour, Co-operators could get positions of vantage in the Government, whereas in isolation they would have been helpless. The alliance thus made stood the shock of the Labour Government's defeat. At the General Election of 1924 the Co-operators, standing on the Labour Government's record, lost on balance one seat, gaining South Bradford (W. Hirst, and losing Kettering (S. F. Perry) and Partick (A. Young). All the ten Co-operative candidates at this election were included in the Labour Party's list; and the two parties worked closely together.

There had, however, been considerable difficulties outside Parliament ever since the rejection of the plan for a Labour and Co-operative Alliance. The leading figures in the Co-operative Party were eager for close relations with the Labour Party; but in the Co-operative Movement as a whole there was still keen opposition to be faced. The Co-operative Party, moreover, was not a self-governing body. It was not only subject to the decisions of the annual Co-operative Congress, but also to those of the Co-operative Joint Parliamentary Committee, representing all sections of the Movement. Its office was paid for by the Co-operative Union, which was the employer of its staff; and its Executive was made up of

representatives not only of the local Societies which gave it support, grouped according to the Sections of the Co-operative Union, but also of representatives of the Sections themselves, including Societies which were not supporters of the party. The local political groups and parties which existed in a number of areas, especially in large towns or districts served by a number of local Societies, had no representation on the National Executive, which was designed to secure control of the party by the whole Co-operative Movement rather than by the politically active groups within it. This absence of local control caused considerable discontent among keen Co-operative politicians, and also in some cases lessened local interest in the creation of effective machinery for political action. There were in addition considerable legal difficulties in the way of the party's growth. It was lawful for Co-operative Societies to use their funds for political purposes, but only to the extent to which such use was definitely authorised by their rules. A good many Societies which had subscribed in the early days of the Co-operative Representation Committee found subsequently that their rules did not confer the requisite authority. Hundreds of Societies needed to amend their rules in order to put their affiliation to the party in order ; and the opponents of the Co-operative Party naturally seized on the chance to oppose these revisions, and sometimes met with success.

Nevertheless, the experience of Labour-Co-operative collaboration in the Parliament of 1924 strengthened the movement for closer unity and also helped the growth of the Co-operative Party. In 1922 the party had adopted a formal programme, supplementing the very broad generalisations with which it had previously rested content. This programme is remarkable for its silence on the broader questions of economic ownership and control. It declared for nationalisation of the land and for public control of trusts and monopolies ; but it said nothing further about the ownership or conduct of any industry. It was unequivocally for Free Trade and for the abolition of all indirect taxation. It declared for a Capital Levy, steeply graduated direct taxes, State assumption of the responsibility for employment or maintenance, the establishment of National Credit Banks, a forward housing policy, non-contributory old-age pensions at an earlier age than seventy, equal educational opportunities for all, maternity and infant welfare provision on a generous scale, and a policy of scientific agricultural development. Internationally, the programme advocated a fully representative League of Nations, the abolition of secret diplomacy, democratisation of all public and civil services, and full parliamentary control over foreign affairs ; and politically it demanded complete adult suffrage, proportional representation, and the abolition of plural voting.

This programme, with its avoidance of the Socialist issue, was presumably designed to give as few handles as possible to the oppo-

nents of the Co-operative-Labour Alliance. The Co-operative Parliamentary Committee and the Board of the Co-operative Union formally sanctioned the acceptance of office by A. V. Alexander as Parliamentary Secretary to the Board of Trade (under Sidney Webb as President), thus giving sanction to the fact of the Labour-Co-operative Alliance in Parliament. The Co-operative Congress of 1924 unanimously adopted a resolution welcoming the advent of the first Labour Government, and expressing its appreciation of the Government's action in recognising the Co-operative Movement's importance by inviting Co-operative members to accept office. After the fall of the Labour Government both the Labour Party Conference and the Co-operative Congress in 1925 adopted resolutions in favour of the working out of a scheme of alliance. The Trades Union Congress was no longer brought as a third party into the ensuing discussions. The Co-operative Movement was by this time ready to deal directly with the Labour Party, instead of using the Trade Union Movement as a mediating instrument. The Co-operative Party in 1925 also gained a little independence by holding its first separate conference for the discussion of its own affairs; hitherto, the National Committee of the Co-operative Party had merely reported to the Co-operative Congress via the Parliamentary Committee, and had possessed no separate machinery of its own. This reporting still continued after 1925 ; but the separate party conference provided a valuable instrument of political self-expression, and led presently to changes in the status and constitution of the party.

In 1927 a joint scheme, drawn up by the political representatives of the two Movements, was endorsed at both the Co-operative Congress and the Labour Party Conference. This provided for the setting up of a joint sub-committee, empowered to arrange for joint campaigns on special subjects and during elections, but subject always to the confirmation of its proceedings by both National Executives. The scheme provided in addition for local collaboration, but on a purely voluntary basis, so that no locality was bound to act upon it. Local Co-operative Parties or Political Councils were to be eligible for affiliation to local Labour Parties, and were to have voting rights in proportion to the affiliation fees paid and to have and accept the same status and responsibilities as other affiliated bodies. Thus the Labour Party gained its point to the extent of getting the Co-operative Party to recognise that local Co-operative Parties might have to become parts of the local Labour electoral machine ; but this was left optional, and it was explicitly laid down that it was not to interfere with existing local arrangements resting on a different basis.

There was strong opposition to this plan at the Co-operative Congress, where it was only carried by 1,960 votes to 1,843, after its

supporters had done their utmost to stress its essentially voluntary character. It did, indeed, involve a very considerable derogation from the pretensions of the Co-operative Party to strict independence. Co-operators, however, were forced to recognise that they could not maintain a wholly independent political organisation in more than a few places with any prospect of winning the parliamentary seat, and that, in practice, a good many Co-operative Societies were giving financial support to, and some even becoming affiliated to, local Labour Parties, quite apart from any agreement or safeguard. The same year, 1927, saw the direct affiliation to the Labour Party nationally of the Royal Arsenal Co-operative Society, one of the largest and most energetic in the Movement, and the appointment of W. H. Green as full-time political secretary by the R.A.C.S., which also became affiliated through its branches and Guilds with many local Labour Parties in South London. This was a serious threat to the Co-operative Party, and encouraged the Labour Party to take a high line on the new joint sub-committee in endeavouring to get as many as possible of the local Co-operative Societies to accept inclusion in the local Labour Parties on the terms contemplated in the agreement. The Co-operators, in areas where they were strong, often opposed this course; and the joint sub-committee was induced to register a number of local agreements which gave the Co-operative Party a greater power. In agreeing to this, however, for the time being, the Labour Party representatives laid emphasis on the point that they registered these local agreements as facts but did not approve them. The Labour Party was, in effect, doing all it could to compel the local Co-operative Parties to come inside the local Labour Parties with the same status as affiliated Trade Union branches or other bodies, and was to a considerable extent getting its way, because the local Co-operators who were most active in the political field were in most cases Labour Party supporters as well, realised the imperative need for working-class unity, and regarded the Labour Party as the established instrument of working-class unity in the political field.

The Co-operative Party, meanwhile, was trying to strengthen its hold by creating more effective local machinery of its own. The mere affiliation of a local Co-operative Society to the Co-operative Party did not of itself imply the bringing into existence of any working electoral machine in its area. When a Society affiliated the usual course was for it to become a "Society Party," and to elect a special political committee to look after Co-operative Party affairs on behalf of the Society as a whole; alternatively, it might set up a composite committee, not directly elected but composed of representatives from the Management Committee, the Educational Committee, and the Guilds and other auxiliary bodies, often with added representatives from local party groups. A somewhat different

structure existed where a local Co-operative Party needed to cover a number of neighbouring Societies, as in the bigger towns and where constituency boundaries lapped across Society areas. In such cases the Co-operative Party unit was made up of representatives of both Societies and constituency parties, together with representatives of the branches or grouped branches of auxiliary bodies. In 1926 the Co-operative Party obtained power to add a fourth type of local organisation—the voluntary party set up in the area of a Society or Societies which had not joined the party collectively. Such voluntary parties consist of individuals who choose to join, and exist primarily for purposes of propaganda and political education designed to convert the non-member Societies to affiliation.

The question presently arose whether the Co-operative Party was entitled to contest either parliamentary or local government elections in areas in which the local Society was not a member. This led to friction in a few cases ; and it was finally agreed that, while the party must be left free to contest seats in any area, it should in practice consult unaffiliated Societies before putting up candidates in their areas. The entire local structure of the Co-operative Party is necessarily somewhat complicated, both because of the lack of correspondence between Society areas and the areas of parliamentary constituencies and local governing bodies and because of the great variety in the size of Societies, some covering many electoral areas and others only a part of one, and also because of the patchwork of affiliated and unaffiliated Societies in densely populated districts. The machinery seems, however, though complicated, to have worked tolerably well.

At the same Co-operative Party Conference (London, 1926) as authorised the setting up of voluntary parties, there was a keen discussion on the question of State *versus* Co-operative ownership and control of certain essential services in which the Co-operative Movement was largely engaged. The conference decided that both coal supply and milk supply ought to be brought under public ownership, but on terms which would allow the maintenance and extension of the work of the Co-operative Societies, acting as agents of the public.

From this point up to the advent of the second Labour Government in 1929 the relations between the Labour and Co-operative Parties were reasonably smooth. The joint sub-committee met but seldom ; and no major issues were raised. In 1929 the Co-operative Party entered the General Election as the ally of Labour, putting up twelve candidates with the full support of the Labour Party and officially urging Co-operators in other constituencies to vote and work for the Labour candidates. As a result of this collaboration the Co-operative Party won nine seats ; and immediately afterwards A. V. Alexander entered the Labour Cabinet as First Lord of the Admiralty. Two other Co-operative M.P.s were given minor posts

in the Government ; and two more were Parliamentary Private Secretaries to Ministers.

Co-operators thus played a considerable part in the work of the second Labour Government. Their efforts, however, to secure a new Industrial and Provident Societies Act, designed to raise the maximum for individual investments in Co-operative share capital from £200 to £400 and to prevent the use of the name " Co-operative " by bodies not complying with certain conditions, were defeated by a Tory-Liberal combination, which wrecked the Bill by inserting in it a clause prohibiting the use of Co-operative funds for political purposes. The Bill had to be withdrawn, despite Labour support ; and the opposition to it went on later, after the Labour Government's fall, to organise other measures directed against the Co-operative Movement.

The collapse of the Labour Government and the defection of Ramsay MacDonald, Philip Snowden, J. H. Thomas, and a few other leaders to a " National " Government formed under MacDonald's leadership found the Co-operative Party ranged with the Labour Party in the disastrous General Election of 1931. At that election, in face of the " National " coalition, the Co-operative Party fought eighteen seats, but secured the return of but one M.P.—William Leonard, who held his seat at St. Rollox, Glasgow. The Co-operative Party thus shared to the full in the Labour defeat, which reduced the entire Opposition in the House of Commons to a mere handful and handed over practically unlimited power to the Tories, who soon drove MacDonald from the Premiership when he had served their purpose. The events of the General Election and the crisis as a whole caused much heart-searching in both the Labour and the Co-operative ranks ; and both parties proceeded to re-state their programmes in the light of their experience and of the conditions of deep depression which existed all over the world in 1932 and 1933. The new Co-operative programme, issued in a series of booklets under the title *Britain Re-born*, was a very big advance, both in range and in the character of its proposals, on previous pronouncements of the party. It declared for public ownership of the Bank of England and public control over the banking system as a whole, together with the establishment of municipal banks and an extension of Co-operative banking. It demanded a co-ordinated scheme of public ownership of the entire range of fuel, power and transport services, and of water supplies and other services essential to health. It demanded drastic action to bring monopolies under collective ownership and control and the conversion of Agricultural Marketing Boards into Producers' Co-operative Societies which, instead of controlling prices and supplies unilaterally, would be married on equal terms to Consumers' Co-operative organisations, subject always to the over-riding control of the community as a whole. The question of Co-operative *versus*

State ownership was still to some extent evaded ; but there was a decisive approach to the advocacy of State ownership of vital industries and services which could not be transferred to Co-operative control.

The formulation of this programme led to discussions between the Co-operative and Labour Parties concerning the respective frontiers of State and Co-operative action in the economic field. But before these had advanced far, the attention of Co-operators was diverted to the renewed threat of taxation of Co-operative surpluses under income tax law. The private trading interests had used the opportunity created by the Labour defeat to press upon the "National" Government the imposition of income tax both upon Co-operative dividends and on sums placed to reserve out of the surpluses realised in Co-operative trade. The small Labour Party in Parliament did its best to oppose these unfair impositions, and the Co-operative Movement outside Parliament conducted a national campaign in defence of its rights. But the Government was set on throwing some concession to the private traders, and, after an inquiry, the Chancellor of the Exchequer carried through Parliament an entirely illogical half-measure which, while exempting the dividends distributed to members, made the sums placed to reserve (as well as interest on share capital, which was already taxable) liable to income tax at the standard rate on the same terms as joint stock company reserves. This was plainly illogical, because dividends and reserves came from a common source—the trading surplus—and if one was to be taxed, why not the other ? The Government presumably thought that taxing the reserves, because the tax would be payable by the Societies and not by the individual members directly, would be much less unpopular than taxing the dividends. In equity, as we saw earlier,* there was no case for taxing either, Co-operative surpluses being not profits but rebates derived from mutual trade. But the traders were for the most part supporters of the "National" Government, which could not easily refuse them at any rate some part of their pound of flesh. Accordingly, the growth of Co-operative capital was unjustly hampered, and the Movement was given fresh reason to know where in politics to look for friends and enemies. A National Co-operative Petition against the tax, despite its 2,343,654 signatures, went for nothing.

These events should have helped to cement the Co-operative-Labour Alliance ; but in fact during the next few years relations between the Co-operative and Labour Parties grew worse. These difficulties were much more about organisation and the control of electoral machinery than about matters of policy. They arose, indeed, mainly out of what can only be regarded as an attempt by the Labour Party Executive to force the Co-operative Party into a position which

* See page 121.

would have destroyed its independence and meant to all intents and purposes the acceptance of a subordinate position inside the Labour Party's electoral machine. There were, at the same time, some secondary difficulties about policy. These arose mainly on the question of State and municipal as against Co-operative ownership and control of essential industries. In 1933 the Co-operative Party Conference declared that "the object of the Co-operative Party is the establishment of the Co-operative Commonwealth, wherein the means of production, distribution, and exchange shall be collectively owned, and wherein the Co-operative Movement shall function as the medium for the provision of the personal and domestic requirements of the community." This resolution left the way clear for the acceptance of State or municipal ownership over a fairly wide field ; but Co-operators were strongly suspicious of plans for the setting up of public corporations on the lines of the Central Electricity Board or the London Passenger Transport Board, suspecting that such bodies would be manipulated, as the Agricultural Marketing Boards had been, to serve the producers' as against the consumers' interests. The Labour Party, on the other hand, was moving towards the advocacy of public corporations in which the Trade Unions would be able to claim a share in the control. The Labour Party was, of course, in full agreement with Co-operators in criticism of the producers' monopoly exercised by the Agricultural Marketing Boards ; but it believed that efficiency could be best achieved, and the consumers' as well as the producers' interests best safeguarded, in industry by the creation of public corporations under government control, operated as instruments of a general public economic plan. Co-operators were not so much opposed to this—indeed they favoured the idea of a public economic plan—as suspicious that it might be perverted into an instrument of producers' monopoly, and, even more, that the Co-operative Movement itself might be squeezed out. Accordingly, the prolonged discussions between the two parties, while they never reached deadlock, led to little positive result.

The deliberations about policy would probably have advanced very much faster had there not been at the same time really substantial differences about organisation. The Labour Party, as we have seen, disliked the arrangements which it had been forced to accept in a number of areas giving the local Co-operative Societies an exceptional position in the nomination of candidates as against the Trade Unions affiliated to the local Labour Parties. The Labour Party was trying to force the Co-operative Societies to become locally just like other affiliated elements of the local Labour Parties—well knowing that the only logical end to this process would be the complete absorption of the Co-operative Party. It was difficult in many areas for Co-operators to oppose this local attrition, both because most of the leading local Co-operative politicians were Labour Party

men and because workers who had "contracted-in" to the Labour Party through their Trade Unions or joined it as individual members were likely to feel their main loyalty to it, and could not be expected in large numbers to contribute over again individually to the Co-operative Party. Moreover, the Labour Party had by far the stronger electoral organisation ; and the Co-operative Party was additionally hampered by its lack of independence in relation to the Co-operative Union and its consequent inability to offer its local followers a sufficient share in the framing and development of its policy.

In 1934 the joint committee representing the Co-operative and Labour Parties was enlarged from three to six members from each side, and negotiations went on actively in the hope of a comprehensive agreement. But nothing had been settled when, in 1935, both parties had to face another General Election. At this election, at which the Labour Party regained some, but by no means all, of the ground lost in 1931, the Co-operative Party raised its representation in the House of Commons from one to nine, most of those who had been defeated four years earlier regaining their seats. The two parties worked together in the election ; but when it was over their relations again grew worse. The Labour Party Executive, in its Report to the Conference of 1936, accused the Co-operators of wishing to remain independent of the local Labour Parties in order to secure for themselves a preferential position over the Trade Unions in nominating candidates for national and local elections, and of pressing for special local arrangements in one area after another with this end in view. The Co-operative Party, for its part, objected to the enforcement on its candidates of a pledge to accept the Labour Party Constitution and programme ; and there were also sharp differences over the financing of candidatures. The Labour Party, in order to check the virtual purchase of seats by the larger Trade Unions, had imposed limitations on the amount of money an affiliated organisation could promise to spend in a constituency in maintaining an agent and an electoral machine ; and the Co-operative Party, which had ample funds at its disposal, objected to these limitations especially because it wished to give assured salaries to its local agents, and to spare them the humiliating experience, all too common in the case of Labour agents, of having to devote a good deal of their time and attention to raising money towards their own salaries, with no assurance that they would actually get the sums agreed upon and incorporated in the national scale. The Co-operative Movement claimed the right to pay assured salaries to its agents, though it was willing in other respects to accept the limitations proposed by the Labour Party on the amounts which a "responsible body" might spend in a constituency on behalf of its candidate. There were other disputes about the rights of Co-operators in the nomination of candidates and in the control of the local electoral machine ; and the Co-operative Movement

took strong exception to the way in which the Labour Party Executive reported on these differences to the Labour Party Conference of 1936. They claimed that they had shown every desire to meet the Labour Party half-way; but the Labour Conference, after an unreported discussion, accepted the Executive's report and instructed its representatives to continue the negotiations.

In 1937 some progress was made, a temporary agreement being reached for the limitation of Co-operative financial contributions. The discussions continued into 1938, when further agreements were made covering the relations between the two parties in areas where the Co-operative Society was not affiliated to the local Labour Party, that is, in the vast majority of constituencies, and also defining the procedure to be followed in order to secure joint action in local government elections. These partial agreements led to somewhat improved relations, though a good deal of ground for difference was left; and in 1939 the two parties embarked on a joint Labour and Co-operative propaganda campaign up and down the country and also set up a joint drafting committee with a mandate to prepare a new comprehensive agreement. In these discussions the National Co-operative Authority, which had been set up in 1932 to bring together all sides of the Co-operative Movement, took an important part. Repeated attempts were made from the Labour side to persuade the Co-operators, even if they would not merge their party in the Labour Party, to join forces with the Labour Party and the Trade Unions in the National Council of Labour, the central body established by the Labour Party Executive, the Parliamentary Labour Party, and the Trades Union Congress General Council to consult about vital matters of policy and to issue from time to time agreed pronouncements on behalf of the entire Labour Movement. In 1935 the National Co-operative Authority refused an invitation to join this body; and this attitude was maintained right up to the outbreak of war in 1939. War, however, turned the scale; and in 1940 the National Co-operative Authority agreed to become associated with the National Council of Labour in a purely consultative capacity. This connection ripened the following year into full association, the Co-operative Union (in place of the National Co-operative Authority) becoming a full partner in the N.C.L. In the meantime the questions at issue between the two Movements had been held in abeyance, the discussions having been suspended for the war period in 1939 at the suggestion of the National Co-operative Authority.

Consideration of the relations between the Labour and Co-operative Movements has caused the story to run ahead at this point of the record of the internal development of the Co-operative Party. From the low level of 1924 the Co-operative Party had been gradually growing in affiliated strength, partly as a result of new affiliations by local Co-operative Societies and partly through the increase in total

Co-operative membership. The affiliated membership reached two millions in 1925 and well over three millions in 1930. It rose to four millions in 1933, to five millions in 1935, and to six millions in 1940. By the end of 1943 it was about seven millions, and the number of affiliated Co-operative Societies had risen to over 600. These increases, of course, made the Co-operative Party very much larger than the Labour Party in nominal membership. Co-operative Societies, not being subject like the Trade Unions to the "contracting-in" provisions of the Trade Unions Act of 1927, could affiliate to the Co-operative Party at their full strength, and could pay the fees out of their general funds without the need to resort to special levies upon their members. This makes the figures of membership of the two parties quite incomparable; and it cannot, of course, be claimed that anything like the whole of the nominal affiliated membership of the Co-operative Party feels any loyalty to it. The rank and file of Co-operative members, even more than the rank and file of the Trade Unions, is politically divided; and the impetus towards political activity comes from quite a small fraction of the total membership. There is, however, as against this very much less actual hostility to Co-operative political action than there used to be, and a much more general readiness to accept the Labour alliance. The differences between the two Movements are hard to resolve, not because they are fundamental, but rather because they turn largely on secondary points on which the need for immediate action does not enforce agreement, or on matters of organisation which are intractable because the conditions vary so much from place to place. The leaders and most of the followers in both parties are well aware that, however they may bicker, they must in practice act together in order to achieve any large measure of success.

The conditions of common action have, to a considerable extent, been altering in recent years as a result of internal changes in the Co-operative Party. From 1933 onwards the local Co-operative Parties began urgently to demand some degree of control over the party's affairs. The National Committee of the Co-operative Party, as we have seen, was constituted of representatives drawn from the Sections of the Co-operative Union and from the national Co-operative organisations and auxiliary bodies, as well as from the Societies which had joined the party, grouped on a Sectional basis. It did not include direct representatives of the local Co-operative Parties or of the local auxiliary bodies which gave it their support; and the National Committee of the party was, in addition, made subject not only to the annual Co-operative Congress, but also in many respects to the Co-operative Union, as the body representing all sections of the Movement between Congresses, as well as to the National Co-operative Authority after its establishment in 1932. This situation continued until 1938, despite the growing articulate-

ness of the annual Co-operative Party Conference, which had in theory no independent or binding power. At length, in 1938, the politically active section succeeded in getting the party's constitution revised. The National Committee of the Co-operative Party was reorganised so as to include representatives of the local Co-operative Parties, grouped by Sections, as well as of the national bodies and grouped local Societies from which it had previously been made up. The party was not, however, given full independence. It remained in some degree subject to the Co-operative Union, which continued to meet its office expenses, as well as to the overriding jurisdiction of the Co-operative Congress. It did, nevertheless, achieve a substantial advance in the direction of autonomy.

The limitations which remained were soon made manifest in a practical way. In 1938 the development of the international crisis had led, in Great Britain as in other countries, to a demand for the creation of a progressive Popular Front to unify left-wing forces against Fascism and the threat of war. The Labour Party, both on account of its hostility to the Communist Party, which energetically backed the campaign, and because it aimed at being itself the unifying People's Party, set itself strongly against this movement; but the Co-operative Party, influenced largely by the advocacy of *Reynolds Newspaper*, which had become the most influential Co-operative vehicle of opinion, supported the Popular Front, under the name of a "United Peace Alliance." When, however, the question was carried from the Co-operative Party Conference to the Co-operative Congress, as the final authority of the entire Movement, the "Alliance" proposal met with defeat, and the Co-operative Party was compelled to give way.

Thus matters stood at the outbreak of the second world war. The Co-operative Party, despite its vast affiliated membership, was no more than a secondary force in politics, and had no immediate prospect of putting more than a very limited number of candidates into the field. It could, in effect, be little more than a wing of the Labour Party, even if it maintained a certain degree of autonomy, as long as the Labour Party was able to retain its position as the political agency of the Trade Unions and the centre of local working-class political activity throughout the country in both local and national affairs. It was the less able to stand up to the Labour Party, even when the Labour Party was taking an unreasonable line, because so large a proportion of its nominal following was apathetic, and so large a proportion of its active membership divided in allegiance. There were relatively few purely Co-operative politicians. Most were Socialists, or at all events Labourites, as well; and of those active members of the local Co-operative Parties who were not members of the Labour Party some belonged, or had belonged, to the Independent Labour Party, which had broken away from it after the

collapse of the second Labour Government, or to Common Wealth, and some even to the Communist Party. The Co-operative Party, in its discussions with the Labour Party, was further hampered because it knew that any quarrel between them would be eagerly seized on by those Co-operators who were equally hostile to both, and would be glad to use any opportunity to draw the Co-operative Movement back to its old position of political neutrality.

I think that no one, studying with impartiality the record of the discussions about organisation between the Labour and Co-operative Parties, can avoid coming to the conclusion that the Co-operative Party behaved throughout with great forbearance and moderation, and that the Labour Party's attitude was unreasonable except on the assumption, which doubtless lay behind it, that the Co-operative Party had no more right to an independent existence in the constituencies than it had in the House of Commons, where in practice the two parties were already one. The Co-operative Party, however, could not be expected to accept this assumption, and would have been repudiated by the Co-operative Congress if it had. The Labour Party's attitude was a compound of a desire to squeeze out, or rather to "squeeze in," the Co-operative Party, and of an objection on the part of Trade Unions to Co-operative Societies being given greater rights inside the electoral machine of the allied parties than individual Trade Unions enjoyed, not nationally, because their members were scattered over many constituencies, but in each area. This was, I think, an unreasonable objection, but it was not easy to make the Trade Union leaders see that this was so.

The length at which it has seemed necessary to review these differences about organisation, because they deeply affect the prospects of the Co-operative Party, must not be allowed to obscure the fact that, in all other respects, the relations between the two parties have grown closer, and that there has been no practical difficulty in their working as one, not only in Parliament, but also in the great majority of cases in local government affairs. Electoral adjustments may be difficult; but when the actual election comes, and when the elected representatives settle down to work, the difficulties do not count.

There is, however, behind the problem of organisation a real issue. In the long run, it is not easy to see how there can be a place for two separate parties—Labour and Co-operative—representing largely the same views and very largely the same body of political support. There cannot be room for both, unless they act in effect as one, or unless Great Britain is to abandon the system of great national parties and go over to a system of many groups representing shades of political opinion. If a two-party, or even a three-party, system holds, Co-operators must in practice align themselves with the Labour Party so as to form virtually a single political force. They

must do this, unless the Labour Party itself breaks apart, or gives place to some new comprehensive organisation of the political Left; and even if such a new force did appear, they would have to throw in their lot with it and could not hope to establish themselves apart from it as a really powerful independent political force. There cannot be two separate political parties, both based largely on the same social groups, with largely overlapping memberships, and with largely similar programmes. And, in reality, though Co-operators sometimes talk as if there could be such a dualism of forces, nobody believes it to be possible—least of all the Co-operative Members of Parliament, who have from the first to last found it easy to work inside the Parliamentary Labour Party and in unity with the Labour Party outside Parliament with hardly any friction and with manifest advantage to the Movement they represent.

XX.

CO-OPERATIVE EMPLOYMENT

The Co-operative Movement is always in a difficulty about the problem of labour conditions in its shops and factories. This difficulty relates partly to wages and conditions of work and partly to questions of status. In respect of wages, hours, and working conditions, ought Co-operative Societies merely to accord their employees the same sort of treatment as is given by their competitors in multiple private trade, in department stores, in small shops, and in factories producing the same kinds of goods under capitalist conditions ; or ought they to do better ? In respect of status, ought the Co-operative employee to be placed just like the employee of a capitalist firm ; or ought he to share in some way in the control of the Society for which he works ? The first question affects Consumers' and Producers' Co-operative Societies in much the same way : the second affects them differently, for obviously it is the purpose of the Producers' Societies to give their workers a special status, including at least a share in the control of the enterprise.

We have seen that this question of status got mixed up with the question of pay at a very early stage in the history of the Consumers' Movement, when many leading Co-operators strongly advocated the payment of a " bounty " or " bonus to labour " out of the surplus, usually of equal amount to the dividend payable to members, or so related to it as to make the bonus the same amount per £ of wages as the dividend per £ of purchases. We have seen how the long struggle over the " bonus " ended on the whole in a defeat for its advocates. The C.W.S. gave it up finally in 1886 ; the Scottish C.W.S. continued it much longer, but abandoned it for new employees in 1914 and cut it off from the older employees also in 1922, that is, in the heat of the post-war slump. In 1910, out of 1,430 retail Consumers' Societies only 191, or 13 per cent, were paying any sort of bonus on wages ; and in 1942, out of 1,058 Societies only fifty-two were paying bonus, and nineteen of these were in the Southern Section. The amounts paid were mostly small, the Royal Arsenal Society accounting in 1942 for £58,000 out of a total of under £200,000. Only four other Societies (Belfast, Kinning Park, Leicester, and Reading) paid out over £10,000 ; and five others (Glasgow Eastern, Glasgow St. George, Nottingham, Norwich, and Walsall) over £5,000. Only three Societies in Yorkshire and four in the North-West paid any bonus at all, and only five in Scotland.

In the earlier days of the controversy over the bonus there was no objective standard at all to guide Co-operators in deciding what wages they ought to pay to the great majority of their employees.

Throughout the distributive trades wages were exceedingly low, hours very long, and conditions, which often included "living in," mostly very bad. But there was no uniformity about this badness. Wages, hours, and conditions alike varied widely from place to place and from shop to shop ; and there was not even the skeleton of Trade Union organisation among distributive workers. On the side of production, the Consumers' Societies employed in their productive departments small numbers of skilled workers, such as tailors and bootmakers, who might be members of Trade Unions equipped with some sort of standard rates ; but in most areas even these craftsmen were weakly organised, and there was a wide diversity in the rates actually paid by private firms. The majority of Co-operative employees engaged in production, especially in the factories of the C.W.S. and S.C.W.S., were not craftsmen, but less-skilled workers for whom no Trade Unions existed ; and for these, as for the distributive workers, there were no standard rates which Co-operators could be called on to observe.

Accordingly, the struggle for the " bonus to labour " was, in part, an attempt to ensure the payment to Co-operative employees of a living wage. Its advocates were urging at one and the same time that the workers had a right to share in the profits of production and distribution and that Co-operators ought to pay decent wages, even if private employers did not. Only as the range of Co-operative Production widened and the number of employees in all branches of Co-operative work increased did the question arise on any considerable scale whether Co-operative Societies ought to observe at least standard Trade Union rates and conditions ; and even when this question did arise it had no practical bearing on the position of the majority of the employees of the Movement.

The total number of Co-operative employees in 1900 was about 80,000, of whom 43,000 were in the distributive departments of retail Societies. By 1914 the total number had risen to nearly 150,000, of whom more than half were distributive workers. By 1939 the total number was nearly 353,000, of whom 61 per cent were distributive workers ; and the total number employed by the retail Societies was about 250,000, of whom over 200,000 were in the distributive departments.* Thus the main wage problem of the Co-operative Movement was that of the distributive workers, who were completely unorganised until the last decade of the nineteenth century ; and next in importance was the problem of the wages to be paid in the factories run by the Wholesale Societies, which employed a high proportion of relatively unskilled and unorganised labour. The Producers' Co-operatives presented a comparatively simple problem ; for they employed largely skilled workers, and were in general able to

* The figures for 1942, affected by war conditions, were as follows : total employees 328,162, of whom 53 per cent were distributive workers. Total employed by distributive Societies 237,821, of whom over 200,000 were in distributive departments.

base most of their wage rates on standard Trade Union scales, to which was added such share in the profits as was due to the workers under the rules of each particular Society.

The first attempt at any formal regulation of conditions by means of collective bargaining was made, as far as the Consumers' Movement was concerned, in the case of the small number of organised skilled workers employed. As early as 1882 the Trades Union Congress, then practically confined to the skilled trades, and the Co-operative Union together set up the Joint Committee of Trade Unionists and Co-operators, consisting of four members from each side, with a mandate both to bring about a closer understanding between Trade Unionism and Co-operation and to deal with disputes about the conditions of Co-operative employment when they arose. This body, which remained in existence until 1925, formulated no general principles, merely dealing with each case as it was brought before it. It worked tolerably well without a great deal to do, as long as no questions were raised outside the range of the organised crafts ; but as soon as wider issues affecting the distributive workers and the less skilled productive workers came to be raised trouble began. Even as late as 1910 the Co-operative Union was unwilling to include in its model rules for Co-operative Societies a clause binding Societies to observe Trade Union rates and conditions, which had, of course, come by that time to extend over a very much wider field.

Organisation among distributive employees began on a small scale in the late 'eighties as part of the widespread movement for the extension of Trade Unionism beyond the narrow circles of the skilled craftsmen. It began in both Co-operative and private employment with small benefit societies devoid of specifically Trade Union objects. By 1887 there were small associations of Co-operative employees in existence in Bolton and London ; and in 1891 a more important association was formed in Manchester with the blessing of the local Section of the Co-operative Union. Out of this body, on its amalgamation with the Bolton and District Association in 1895, grew the Amalgamated Union of Co-operative Employees, which in 1899 joined the Trades Union Congress, a number of its branches having been connected with local Trades Councils from an earlier date. Meanwhile, in London, there had been a parallel movement for the organisation of distributive workers, chiefly in private trade. The National Union of Shop Assistants had been formed in 1891 by linking up a number of local societies, chiefly of a benefit society type or formed mainly to agitate for early closing. It was soon decided to include warehousemen and clerks as well as shop assistants ; and in 1898 the Union amalgamated with a rival body, the United Shop Assistants' Union, and became the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks. It enrolled Co-operative as well as private employees, and was from the first

the rival of the A.U.C.E. in this field, the A.U.C.E. drawing most of its strength from the North of England and the N.A.U.S.A. from London and Scotland.

At the time when these movements began to take shape the conditions of distributive employment were appallingly bad, and many Co-operative Societies were paying very low wages and working their employees very long hours. It is not suggested that conditions in Co-operative employment were as bad as conditions in the worse private shops ; but they were bad enough. In 1891, for example, in the Manchester area the wages of branch managers and head counter-men in the Co-operative Stores ranged from 18s. to 40s. a week, and those of other counter-men from 7s. to 25s. These were adult men's wages, not boys' : women were at that date hardly employed at all. As for hours, in 1893 out of 1,172 Co-operative Societies making returns 43 per cent were working their distributive employees more than 58½ hours a week and 14 per cent more than sixty-two hours ; and only 6½ per cent had a working week of less than 52½ hours.

One feature of Co-operative organisation in those days was that the Management Committees of many of the smaller Societies were at times dominated by groups attached to particular chapels ; and it was alleged that in the absence of any standard wage rates to which the advocates of better conditions could appeal there was often favouritism towards employees who belonged to the same chapels as those who fixed the wages. There were, moreover, very strong links between the Co-operative and Temperance Movements ; and it was also alleged that employees who were seen entering a public house were liable in some areas to be victimised either by dismissal or at least by not having their wages advanced. Most of the Societies were, of course, still quite small ; and it was therefore possible for them to come under this sort of control, which largely disappeared as they grew in membership and came to represent in many areas the majority of the local households. The increase of membership often made it a good deal easier to get wages and working conditions improved. The new recruits who came into the Societies, even if many of them were apathetic, included a good number who were actively associated with the New Unionism and were themselves active in the wider campaign for a legal minimum wage and a legal eight-hours day. These new elements rallied to the side of the Co-operative employees and became an important factor in inducing Societies to adopt regular scales of wages and to reduce working hours. In the matter of holidays there was less to struggle for. The Co-operative Movement was always well in advance of the bulk of private traders in conceding "early closing," and Co-operative employees were also relatively well treated in the matter of annual holidays. Of course there was plenty of room for improvement in these fields ; but in general there was much less resistance to the

demand for a half-holiday than to the attempt to get working hours reduced over the week as a whole. Annual holidays were also extended to a week with comparatively little opposition. There was more trouble over the right to full pay during sickness, which is a Common Law right of salaried workers in the absence of specific agreement to the contrary ; but in this field too a fair amount of progress was made with much less opposition than was encountered by demands even for minimum wage scales which seem, in the light of current conditions, exceedingly low. Wages, however, were the crux of the matter ; and it was on the wage issue that the A.U.C.E. had to fight its most hardly contested battles.

At this point the Women's Co-operative Guild entered the lists with a campaign for closer relations between the Trade Union and Co-operative Movements. It began in 1891 with an attempt to appeal to women Trade Unionists and to the wives of men Trade Unionists to rally to the Co-operative cause. A number of joint meetings of Trade Unionists and Co-operators were held under its auspices in London ; and an active recruiting campaign was set on foot. From this the Women's Guild branched out into a wider campaign against the use of goods made by sweated labour, and in favour of the adoption by the Co-operative Movement of the " Trade Union Label " certifying that goods had been made under Trade Union conditions. Little came of this latter plan, except in the case of the hatters ; but the Guild next actively took up the question of the conditions of female employment. It collaborated closely with the Women's Trade Union Association, of which Miss Holyoake was secretary, and began to collect information about women's work and wages for the newly founded Labour Department of the Board of Trade. It also took an active part in the formation of the Women's Industrial Council in 1894, and in 1896 conducted an investigation into women's conditions in the C.W.S. clothing factories and in the retail Co-operative Stores. It was in addition energetic in supporting the movement for " early closing " in the Co-operative Societies, and was generally to the fore in promoting the demand for better conditions of Co-operative employment.

The Amalgamated Union of Co-operative Employees shortly after its establishment put forward a demand for a minimum wage of 24s. a week for adult men employed in the Co-operative Movement ; but it was in its early years by no means a militant body—being indeed more a social and friendly society than a Trade Union in the full sense of the term—and no great attention was paid to its demands. In 1893 William Maxwell, the leader of the Scottish Co-operators and President of the S.C.W.S., made at the Co-operative Congress a powerful attack on the badness of the Movement's record as an employer of labour, and called for a change of policy designed both to remove the stain of " sweating " from the Movement and to enlist the Co-operative employees more actively as propagandists and zealots

on its behalf. This speech had a considerable effect, and greatly stimulated the zeal both of the A.U.C.E. and of the Women's Guild. The same year the Co-operative Societies were able to give great help to the Miners' Federation during the big strike which was the first real trial of strength between the coalowners and the miners since the organisation of the Federation in 1888. Leaders of the Women's Guild, notably Mrs. Dickinson from Airedale, played an important part on the miners' side in this contest ; and the effect was to establish much closer relations between the Trade Unions and the Co-operative Movement.

Meanwhile the Shop Assistants' Union, aided by Sir Charles Dilke, had been campaigning actively in favour of legislative protection for the distributive worker. The Shops Bill of 1896, drafted by the Union and introduced by Dilke into Parliament, was thrown out ; but Dilke was successful in getting shop workers brought within the scope of the Truck Act of 1897, which afforded some protection against the abuses of "living in" ; and in 1899 a strike of the clerks in the London textile warehouses brought the Shop Assistants' Union a considerable accession of members and prestige. During the first few years of the twentieth century the distributive workers' Unions shared in the general setback to Trade Union activity which followed the Taff Vale Judgment ; but by 1905 there was an awakening. In that year the A.U.C.E. and the Women's Co-operative Guild came together and determined to institute a joint campaign for a living wage for Co-operative employees. This campaign was effectively begun in 1907, when the A.U.C.E. was induced by the Women's Guild to include in its programme a demand for a minimum wage for women as well as men ; and in the meantime the Shop Assistants' Union had also become active : first with a crusade initiated in 1906 against "radius agreements," by which private firms tried to bind their employees not to accept employment or start in business for themselves within a certain radius from their previous place of employment ; and then, in 1907, for the abolition of the "living-in" system. The Shop Assistants' Union was also successful in getting distributive workers brought within the scope of the Workmen's Compensation Act of 1906 ; and in 1908 it set up a minimum wage committee and began to campaign energetically in favour of the recognition of a minimum scale of wages for distributive workers, either by legal enactment or by collective bargaining with the employers.

The question of a minimum wage for Co-operative employees was brought before the Co-operative Congress of 1908 ; and the Congress, approving the principle, appointed a committee to work out definite scales for submission the following year. The same year, the Joint Committee of Trade Unionists and Co-operators declared in favour of the observance of Trade Union rates of wages and hours of labour in Co-operative employment and for the settlement of all disputes by

reference to arbitration. The Newcastle Co-operative Congress of 1909 accepted the scale proposed by the committee and recommended its adoption throughout the Movement. It was proposed that rates for boys should begin at 6s. a week at fourteen years of age, rising to 24s. at twenty-one, and that girls should begin at 5s. and rise to 17s. at twenty years. The Co-operative Union issued a circular recommending the general adoption of this scale, not as final or satisfactory but as a notable step forward ; but the local Societies were slow to take action, and the C.W.S. was also recalcitrant. In 1910 the Women's Co-operative Guild organised a national petition to the C.W.S. directors in favour of the enforcement of the scale ; and at the same time the Shop Assistants' Union conducted a national minimum wage campaign addressed both to Co-operative Societies and to private traders.

In 1911 the C.W.S. delegate meetings rejected the proposal to adopt for all employees the minimum wage scales recommended by the Co-operative Congress in 1909. At first the C.W.S. was prepared to accept the scale only for distributive workers and refused to apply it to its productive departments, insisting that the managers must be left with discretionary powers to apply the wages appropriate to each particular trade. The A.U.C.E. and the Women's Guild, however, continued to press the matter ; and by the following year the C.W.S. directors had changed their minds, and the scale proposed by the A.U.C.E. and the Women's Guild was accepted by the delegates for all women workers, whether in productive or in distributive departments. In the meantime, in 1911, the A.U.C.E. had radically changed its policy by instituting a strike fund and setting out on a vigorous campaign designed to coerce local Societies which refused to adopt the Congress scales of wages. Troubles soon followed. The A.U.C.E. adopted a policy of selecting for strike action particular Societies which failed to observe the scale, and calling its members employed in such Societies out on strike, often without notice. The Joint Committee of Trade Unionists and Co-operators, which had been almost dormant, found itself called upon to adjudicate in an increasing number of local disputes, and was accused by the A.U.C.E. of paying too exclusive attention to the claims of skilled craft workers and of ignoring the claims of the general body of distributive employees. At the same time there arose an acrimonious dispute between the A.U.C.E. and other Unions catering for Co-operative workers. The A.U.C.E. set out to enrol in its ranks all classes of Co-operative employees, and thus fell foul of a number of Unions which enrolled members in both private and Co-operative employment. In 1912 the disputes committee of the Trades Union Congress produced a ruling that the A.U.C.E. should hand over its members wherever, in any trade, there was a recognised Union affiliated to the Congress organising the trade to which they belonged. This ruling, if it had been strictly enforced,

would have destroyed the A.U.C.E. altogether ; for it would have had to hand over, not only most of its membership in productive employment to the Unions catering for their several trades or industries, but also its distributive members to the Shop Assistants' Union. The decision was obviously absurd ; and it was never carried out. But the militant policy of the A.U.C.E. had antagonised not only the Co-operative Union but also many of the Trade Unions, which accused it of " poaching " their members ; and it was highly convenient to Management Committees which used it to evade the wage issue by refusing to recognise the A.U.C.E. The quarrel, after dragging on for several years, resulted in 1916 in the secession of the A.U.C.E. from the Trades Union Congress, which thereupon issued a circular calling upon the Co-operative Societies to refuse recognition to the A.U.C.E. and to negotiate instead with its rivals. These formed a federation of Trade Unions having members in Co-operative employment and set out to break the power of the A.U.C.E. The A.U.C.E., however, was much too strong to be broken ; for it had many more Co-operative employees in its ranks than all its rivals together. The consequence was that the Co-operative Movement had to develop two separate sets of negotiating machinery, one for dealing with the A.U.C.E. and the other for relations with the Unions connected with the Trades Union Congress. The Joint Committee of Trade Unionists and Co-operators continued to function in the latter sphere ; and a new system of district and national conciliation boards was set up to deal with the A.U.C.E. claims.

At this time war requirements were leading to an extensive substitution of women for men in the distributive trades. In the Co-operative Societies the A.U.C.E. stood out for the payment to women substitutes of the same wages as had been paid to the men whom they replaced, whereas the Shop Assistants' Union agreed to accept three-quarters of the men's rates. This led to considerable trouble ; and the A.U.C.E. also campaigned actively for war bonuses to meet the rising cost of living, and pursued its militant policy even during the war. As a measure of protection the retail Co-operative Societies formed Hours and Wages Boards representing the Management Committees in most of the conference districts of the Co-operative Union ; and these Boards were federated into Sectional Boards over wider areas. In 1918, as a further measure of co-ordinated policy, the Co-operative Union set up a labour department to advise Societies and Boards on matters of labour policy. In effect, the retail Co-operative Societies formed what amounted to an employers' federation to resist the A.U.C.E. and to defeat its policy of declaring a strike against one Society at a time and bringing it to heel before tackling the next.

While these disputes were in progress a new attempt had been made to establish closer relations between the Trade Union and

Co-operative Movements on a national scale. In 1912, at the Co-operative Congress, William Maxwell strongly advocated a "fusion of forces" between the two Movements; and thereafter a series of joint meetings led to the formulation of proposals for joint action between the Co-operatives, the Trade Unions, and the Labour Party. The inclusion of the Labour Party in this scheme led to its rejection in 1913 by the Co-operative Congress, which refused to take any step that might prejudice the political neutrality of the Co-operative Movement.* The Dublin strike of 1913, during which the Co-operative Wholesale Society, acting on behalf of the Trades Union Congress, sent a food ship to Dublin to aid the strikers who were being starved out, brought the two Movements closer together, and reinforced the lessons of the miners' strike of 1912, in which the Co-operative Societies had again given considerable help to the Trade Unions in the coalfield areas. As an outcome of these events a new joint body, the United Advisory Council of Trade Unionists and Co-operators, was formed by the Trades Union Congress and the Co-operative Union in 1917, and a number of local joint conferences were held in order to promote closer unity between the two Movements. A large number of Trade Unions which had hitherto banked with ordinary joint stock banks transferred their accounts to the C.W.S. Banking Department; and in March, 1919, the Trades Union Congress and the Co-operative Union held a joint conference at which they agreed to work closely together in future, especially in dealing with the many problems of post-war reconstruction.

Both before and during the first world war the A.U.C.E. and the Shop Assistants' Union had alike been rapidly increasing their membership. The Shop Assistants' Union, in particular, grew very greatly as a result of becoming an Approved Society under the National Insurance Act of 1911; and the Trades Union Congress ban on the A.U.C.E. was quite ineffective in preventing its growth. In 1919 both Unions were very active in negotiating new agreements, especially for the consolidation of war bonuses into wage rates and for the reduction of working hours, with the forty-eight hours week as the common objective for the main body of workers and the forty hours week for clerical employees. There were many strikes of distributive workers in 1919 and 1920 in both Co-operative and private trade; and the Shop Assistants' Union especially pressed strongly for the inclusion of the distributive trades within the scope of statutory wage regulation under the Trade Boards Act of 1918. For a time these efforts seemed likely to be successful; and a Grocery Trade Board was actually set up in 1920—the year in which the Shop Assistants' Union absorbed the rival National Association of Grocers' Assistants. But before the Trade Board could get to work in face of the fierce opposition of the private traders, the post-war boom had come to an end, and conditions

* See page 312 *et seq.*

of slump and financial deflation had set in. Wages were being reduced heavily in almost every trade ; and there began a tremendous struggle between the A.U.C.E. and the Co-operative Societies. The Grocery Trade Board was jettisoned, the Minister of Labour refusing to give effect to compulsory minimum rates; and Co-operative Management Committees and Hours and Wages Boards, consisting largely of workers whose own wages were being heavily cut, insisted on enforcing severe wage reductions in Co-operative employment.

At this point, at the beginning of 1921, the A.U.C.E. amalgamated with the Warehouse and General Workers' Union, a body which had spread out from the Liverpool dock warehouses and had become a large combination of workers chiefly in the wholesale trades. The amalgamated body took the name of the National Union of Distributive and Allied Workers, and was accepted into affiliation by the Trades Union Congress, with which the Warehouse Workers' Union had been previously connected. The dispute between the Co-operative Employees and the Trades Union Congress was thus healed. The N.U.D.A.W. retained its existing craft members, but agreed not to accept as new members skilled craftsmen eligible for other Unions attached to the Trades Union Congress. More amicable relations were also established with the Shop Assistants' Union ; and during the ensuing years repeated attempts were made to bring about an amalgamation of the N.U.D.A.W. and the Shop Assistants. These broke down, mainly because neither Union could secure a sufficient vote in favour to comply with the terms of the Trade Union Amalgamation Act of 1917. Again and again the members of both bodies voted by a majority in favour of fusion, but too few votes were recorded for the amalgamation to take place.

The wage reductions of 1921 and the following years gave rise to serious discontents, directed partly against the Joint Committee of Trade Unionists and Co-operators, which was called upon to adjudicate in an ever-increasing number of disputes. Relations between the Co-operative and Trade Union Movements had become a good deal closer during the troubled period which followed the first world war. In the railway strike of 1919, in the mining strikes of 1920 and 1921, and in many lesser disputes the local Co-operative Societies and the Wholesales gave immense help to the strikers, extending large credits to the Trade Unions, especially during the prolonged mining struggle of 1921. Yet the Joint Advisory Council formed in 1917 was allowed to lapse in the period of decline which followed the Trade Union defeat of 1921 ; and the wage cuts in Co-operative employment, strongly resisted by the N.U.D.A.W., did not make for amicable relations. Yet, severe as the cuts were, especially in the areas which were suffering from serious economic depression (South Wales, Scotland, and the North), Co-operative employees emerged from them with a status and an average wage very much higher, in relation to the

conditions in other trades, than they had been able to secure in 1914. In the years just before the first world war the wages in force for shop assistants in the Co-operative Societies of the North-West—a fair average for the whole country—ranged from 26s. to 33s. for men over twenty-one and round about 18s. for women; in 1923, after the post-war cuts, they were well over 60s. for men and from 34s. to 35s. for women. This was by any standard a notable advance; and it is easy to understand that Trade Unionists on Co-operative Management Committees who were having their own wages severely cut often did not see why Co-operative employees should fare better than themselves. Still, the fall from the high levels of wages at the top of the post-war boom in 1920 was widely resented. In 1920, in the North-West, the top scales for assistants had run up to 80s. for men and 50s. for women; and on the North-East Coast they had risen for men as high as 90s. when the mines were prosperous. There were more cuts to come in the slump of 1931-33, but they were less drastic; and it is to the credit of the Co-operative Movement that there was no attempt to disturb the great reductions which had been made in working hours. A working week of forty-eight hours had been established over most of the country; and this was retained even in the areas in which the depression was worst.

In 1925, as the result of an assault led by Joseph Hallsworth, the remarkably efficient secretary of N.U.D.A.W., and backed by a number of other Trade Unions with members in Co-operative employment, the Joint Committee of Trade Unionists and Co-operators, which no longer satisfied anybody, was wound up; and in the following year a new system of conciliation boards was agreed upon for dealing with disputes between Co-operators and their employees. Since 1926 there has been a National Conciliation Board of six Trade Unionists and six Co-operators, with an impartial chairman. The Board meets when negotiations between a Trade Union and a Co-operative Society have broken down; and no strike is to be declared until such a dispute has been referred to the Board, which must meet within fourteen days of the reference. The Board is selected from panels nominated by the Trade Unions on the one side and the Sections of the Co-operative Union on the other. A Trade Union or Society involved in a dispute may, if it pleases, nominate its own panel representatives to serve on the Board; but at least two from each side must be drawn from bodies not involved in the dispute. If the Board disagrees, the chairman has no power to give a decision unless the parties to the dispute agree to abide by his ruling; and there is no power to decide by a majority vote unless the parties so agree in advance. Unanimous decision alone is binding in the absence of such agreement; and accordingly the Board has not been successful in eliminating strikes altogether. It has, however, worked tolerably well;

and strikes in Co-operative employment have in recent years been comparatively rare.*

This machinery of conciliation was not at the time acceptable to the Co-operative Wholesale Society, on whose behalf it was argued that, being in sharper competition with capitalist enterprise than the retail Societies, it must be allowed more discretion in adapting its wage rates to those prevailing in the various manufacturing industries in which it was engaged. The C.W.S. was, of course, perfectly willing to pay the rates laid down by the Trade Boards in industries subject to statutory regulation, and to adopt rates arrived at by collective bargaining between Trade Unions and employers' associations in trades and industries for which no statutory regulation was in force. It was, indeed, represented on a number of Trade Boards, and showed an anxiety to do all it could to improve the level of wages in low-paid trades in which it was engaged. But it objected to being lumped in with the retail Societies under a common system of conciliation ; and for the next eleven years there was no general machinery for dealing with disputes arising in C.W.S. employment. At last, however, in 1937, the C.W.S. established a system of conciliation boards separate from but essentially similar to the system applying to the retail Societies ; and the Scottish Wholesale Society also works under a similar form of conciliation.

There has, in fact, been very much less complaint in recent years than there was in the early years of the twentieth century that the C.W.S. is an employer of "sweated labour." This charge was always due to the fact that the C.W.S. was largely engaged in trades in which the rates of wages in capitalist employment were abnormally low ; and the basis for it has largely disappeared now that wages in many of these trades have risen considerably as an outcome of Trade Board regulation or successful Trade Union bargaining. The scope for the employment of "sweated labour" in capitalist industry has been narrowed ; and although many patches of gross under-payment still remain in unregulated and unorganised occupations, they are no longer found to any great extent in trades carried on by the C.W.S.

Apart from the questions of wages and hours there has been much discussion about the status which Co-operative employees ought to have in the Movement which they serve. If they are members of the Society which employs them, ought they to have the same rights as other members—for example, the right to vote in elections to the Management Committees, and to stand for election and serve if elected ? Ought there to be special representation of the employees on the Management Committees, or some form of "joint control" which would give the employees a share in determining the policy

* Compulsory arbitration was accepted as a war measure in 1939, but it remains to be seen whether it will be retained permanently. The Co-operative Union has also set up, as a war measure, a National Council of Hours and Wages Boards to negotiate with the Trade Unions on general issues, such as general wage applications arising out of war conditions.

of the Societies ? Ought there to be, in the Societies, some form of "workers' control" in the shops and workshops, or some sort of works council arrangement between the employees and the salaried management ? These questions were debated in the Report of the Co-operative Survey Committee issued in 1919; and there has been considerable discussion about them since.

The Survey Committee was of opinion that the practice, very common throughout the Consumers' Movement, of disfranchising employees in elections for Management Committees should be given up, and that employees should have full rights as members of the Societies. It considered the question of representation of employees as such on Management Committees, and without committing itself to any general recommendation held that it would be desirable for one or more Societies to make the experiment of granting this right. It found in existence a few cases in which employees were actually sitting on Management Committees as ordinary elected members, and it held that all disqualifications should be removed so as to make this more usual, and that the model rules of the Co-operative Union should be amended in this sense. There were, it reported, a few instances of employees sitting *as employees* on Management Committees; but these were usually officials of the Societies in question and could not be regarded as representing the general body of the employees. The experiment proposed would need to be on different lines, so as to introduce a real element of workers' representation.

The Survey Committee went on from these somewhat hesitant paragraphs to suggest that much of the case for "workers' control" could be met "by some form of workshop committee or joint council representative of the management committee and the employees," and recommended definitely that Societies should institute committees or councils of this kind, with the comment that they might "probably render unnecessary any special representation on the Management Committee." It then urged each Society to appoint an employment manager or labour adviser, with the proviso that small Societies might join together for this purpose, and proposed that the Co-operative Movement as a whole should make greatly extended provision for a wide range of "welfare work."

These proposals have to be interpreted in the context of the circumstances in which they were drawn up. The propaganda of the Guild Socialists and the development of the Shop Stewards' Movement in the war industries had, in 1919, forced the issue of "workers' control" very much to the front in the Trade Union world; and the A.U.C.E., which claimed to be a forward "industrial" Union covering the Co-operative "industry," was pressing for a share in the control of the Movement in the name of industrial self-government. As against this propaganda in industry generally, the Government was sponsoring the Whitley Report of 1917, which proposed a system of

Joint Industrial Councils and joint workshop committees, equally representative of employers and employed. The Miners' Federation was demanding the nationalisation of the coal industry on terms which would have given the miners' representatives half the seats on a National Council to be set up to administer it as a public service. The National Union of Railwaymen and other Trade Unions were also demanding nationalisation with "joint control" by the workers and the State. The Union of Post Office Workers was putting forward plans for converting the Post Office administration into a National Guild; and in the building industry, and on a smaller scale in others, as we have seen, actual Guilds were at work—in effect as Producers' Co-operatives working in close association with the Trade Unions concerned.*

The Co-operative Movement could not but be affected by these demands. But before there had been time for the proposals of the Survey Committee to have much practical effect the post-war slump was on its way. By 1921 the Miners' Federation had been defeated in a great industrial struggle, and the Government had definitely repudiated nationalisation despite the majority recommendation of the Sankey Commission of 1919. The railwaymen had come to terms, embodied in the Railways Act of 1921, under which they abandoned their immediate claim to workers' control and accepted what was in effect a variant on the Whitley Council's plan. The National Building Guild was collapsing as the Government, in pursuance of its "economy campaign," cut off housing subsidies and thus undermined its financial position. The entire movement for workers' control went into eclipse as unemployment became severe and Trade Union strength decreased. Co-operative Societies, under the conditions which existed in 1921 and the following years, were not likely to be very active in carrying out even those recommendations of the Survey Committee which pointed mildly to the desirability of workshop committees and an extension of welfare work; and, on the other side, the A.U.C.E. was kept too busy trying to mitigate wage reductions to be able to pursue any campaign for workers' control. In general, then, the Survey Committee's proposals were abortive, except that Societies which actually deprived their employees of voting rights seem in most cases to have removed the disqualification, and to have allowed their employees, where they belonged to the Society, the same rights as other members. In most other respects nothing much has been done about the recommendations even up to the present time.

The question of "workers' control" in relation to the Consumers' Co-operative Movement is indeed one of great difficulty. The basis on which the Movement rests is that of control by organised consumers; and the philosophy of consumers' control is deeply rooted in it. The issue between Producers' and Consumers' control raised

* See page 284 *et seq.*

early in its development was settled, on the whole, in the consumers' favour by the growth of the Wholesale Societies ; and the renewal of Producers' Co-operation in the 1890's was not on a sufficient scale to make any great difference to the general outlook of the Movement. There exist, indeed, Productive Societies which are excellent examples of joint control by representatives of producers and consumers ; but these are thought of by most Co-operators as something apart—certainly as something which they are not prepared to imitate in the conduct of their own local distributive Societies or of the C.W.S. The "democracy of consumers" is not at all prepared to recognise the right of the workers employed in its services to govern or to determine policy. Nor has there even been any really strong pressure for "control" from the main body of Co-operative employees. We have seen that the Wholesale Societies employ in their factories and warehouses a high proportion of relatively unskilled labour ; whereas the demand for "workers' control" comes mainly from bodies of skilled craftsmen, or at least from industries in which skill plays a preponderant part. Shop workers, again, are usually not of a type from which there is likely to come any very ardent demand for workers' control ; and in practice, outside the ranks of the specific Producers' Societies, Co-operators meet with no formidable challenge from their employees on this account. Distributive work does not lend itself in the same way as certain forms of production to "workshop control" ; and in the absence of a real desire for such control, it is to be doubted whether the representation of employees as such upon Management Committees would have any notably beneficial results.

Since the days of the Co-operative Survey Report of 1919, official opinion in the Co-operative Movement seems to have hardened considerably on this issue. The current attitude of the Co-operative Union, laid down by its Executive in 1939, is that "while there may be exceptional cases, in the majority of instances it is not to the advantage of Co-operative Societies to permit employees to occupy seats on management committees." Explaining this attitude, the Executive goes on to say that the employees' interests "often conflict with those of the general membership," and that "it is essential for the good government of Societies that members of boards of management should not have divided loyalties." A parallel is drawn with Local Government, in which employees are not allowed to be members of the authorities which employ them, and with National Government, in which civil servants are not allowed to sit in Parliament ; and attention is also drawn to the doubtful legality of employees casting votes on matters in which they may be personally concerned.

The Executive then proceeds to say that "if Co-operative Societies still felt that there should be an opportunity for employees to serve on management committees, the number should be restricted to not more than two, and that the candidates should be chosen from and elected

by the employees themselves, and not by the general membership." It is added that "from this it would naturally follow that no employee should have a right to vote in the election of any other candidate."

In comparing this policy with that laid down by the Survey Committee in 1919, it is necessary to bear in mind that after the first world war Guild Socialism was at the height of its influence, whereas in recent years the demand for "workers' control" has been largely in eclipse owing to the prevalence of unemployment and the preoccupation of the Trade Unions with other matters. There are some signs under the renewed stress of war of a re-awakening of the demand for "workers' control," but it is not yet possible to say whether this is likely to assume large dimensions. Were this to happen it would have in all probability to encounter a stiffened resistance on the Co-operative side, as the "consumer-consciousness" of the Co-operative Movement has undoubtedly increased as a consequence of the growth of producers' monopolies in the trading field. All things considered it seems unlikely that the "joint control" issue will again be strongly raised in the near future in connection with Co-operative employment.

Not all Co-operative Societies agree with the verdict of the Executive of the Co-operative Union. In or about 1939 there were about eighty retail Societies which allowed employees to sit on their Management Committees; and these included a number of important Societies—among them Birmingham, Burslem, Coventry, Crewe, Glasgow Eastern, Hull, Kettering, Liverpool, Lockhurst Lane, London, Manchester and Salford, Northampton, Nottingham, Paisley, Reading, Sheffield, Swindon, Walsall, Warrington, Watford, Worcester, and York. In sixty of these eighty Societies employees were actually sitting as members of Management Committees—usually only one or two, but at Liverpool three and at York four. Only in a few cases do the employee-members appear to have been elected by their fellow-employees: in most cases they had stood for election in the ordinary way. It is notable that the Societies which admitted employees to their Management Committees included very few in the Lancashire and Yorkshire towns, except the great cities. Of course, many more Societies had employees as elected members of their Education Committees; and the objections raised to membership of the committees of management are not applicable to this form of service. There appear to be no statistics to show how the situation has developed since 1939.

As for the "Joint Councils" recommended by the Survey Committee in 1919 as a possible substitute for employee representation, they appear to have died out almost completely even in the few places in which they were set up as a sequel to the Survey Report. There has been no enthusiasm for them on either side, especially as no functions

were ever laid down for them when they were proposed. The employees in general find it more satisfactory to maintain their local Trade Union machinery and to use it, as need arises, for discussion with the Societies and with the various district and sectional Hours and Wages Boards. "Whitleyism" has failed in Co-operative, as it has in private industry ; and no one is likely to revive this particular proposal of the Survey Committee as a means of granting the shadow, without the substance, of "workers" participation in control.

Where the right of employees to sit on Management Committees is conceded in any form, the question necessarily arises whether the employee so elected has a right to vote when matters of remuneration affecting himself are under consideration. It seems clear that he ought not to do this, but is in no way debarred from speaking or voting on any case which does not affect him personally. He can deal with the affairs of his fellow-employees, though not with his own. Many leading Co-operators will doubtless continue to regard it as undesirable to have employees elected on any terms ; but it should be borne in mind that, with the great growth of membership, the prospect of employees being in a position to dominate either the Management Committee or the Quarterly Meeting—which used to be the principal argument adduced in opposition—has in practice mostly disappeared.

Side by side with the National Union of Distributive and Allied Workers, which is the principal Trade Union catering for Co-operative employees, the officials of the Movement have developed a smaller organisation of their own. This began with the foundation, in 1908, of the Co-operative Secretaries' Association, followed in 1912 by the Co-operative Managers' Association. Both these bodies were in their inception rather technical bodies for the discussion of professional problems than Trade Unions ; but in 1917 they joined forces in a single body, the National Union of Co-operative Officials, which joined the Trades Union Congress, and, without giving up its technical activities, developed into a professional Trade Union dealing with salary scales and other problems of the conditions of its members' employment. Since 1919, the Co-operative Union has published on behalf of the officials a journal, *The Co-operative Official*, which is, however, to be regarded rather as a technical and professional organ than as a parallel to *The New Dawn*, the effective journal of the N.U.D.A.W., and the principal organ presenting the point of view of the workers in Co-operative employment.

INTERNATIONAL CO-OPERATION

The Co-operative Movement prides itself on its international outlook and appeal ; and international Co-operation has been at all times strong in its affirmation of the real unity of interests between all peoples and of the need to embody this unity in a world system of political and economic collaboration. Co-operators gave strong support to the League of Nations throughout the period between the wars ; and both between 1914 and 1918 and in the years after 1939 they did all they could to keep the spirit of international Co-operation alive and to prevent a complete severance of relations even between the Co-operators of countries at war. As we shall see, they were much more successful in these endeavours in the first world war than in the second ; for between 1914 and 1918 no definite attempt was being made on either side to crush out the Co-operative Movement, often as it suffered from unfair treatment at the hands of Governments devoted to the interests of capitalism. In 1939, on the other hand, Co-operation had already suffered severe repression and damage in both Germany and Italy, and the Movements in these countries had been lost to the International Co-operative Alliance long before the war began. Thereafter one country after another was lost as it was overrun by the Nazi invaders ; and it was impossible to maintain relations through neutrals, as was successfully done in the first world war. Nevertheless, Co-operators in the countries that remained free retained their internationalist ideals ; and the International Co-operative Alliance, in addition to doing all it could to relieve war-time suffering, was speedily at work laying plans both for the restoration of the Co-operative Movements of the devastated and oppressed countries and for rebuilding Co-operation itself as a world-wide Movement with an assured status in the new world economic system which will have to be brought into being on the morrow of the war.

Co-operators, in their expressions of view concerning the nature of this new system, are in full agreement with Socialists in regarding monopoly capitalism as a sinister force which makes for war as well as for the impoverishment of the peoples through artificial scarcity of the necessities of life. They are " anti-capitalist " equally with the Socialists ; but they lay their main stress on Co-operative association of producers and consumers as the means of organising world exchanges, and they are highly critical of State schemes of organisation because these have so often been perverted in the past to serve the interests of capitalist restriction. They have a traditional preference for Free Trade as an instrument for cheapening consumers'

supplies and a strong hostility to economic nationalism in all its forms. They are for the most part disposed to lay stress on the independent function of voluntary Co-operation as "a State within the State" and to extend this idea to cover that of international Co-operation as "a world State of its own within a system of States," without ever defining clearly where they want the line to be drawn between what can be achieved by voluntary Co-operation and what must be done by co-operating States armed with political power to ensure observance of their decisions.

Co-operation, as an international Movement, tends often to go further in asserting the need for Co-operative independence of the State than Co-operators in some of the countries would be prepared to go in matters of national policy. The national State exists; and in each country Co-operators have to square their practices with the actual social and political systems under which they, like other citizens, are living. When they assemble internationally and discuss matters of international policy they do so in the absence of any world State or effective League of States capable of framing and executing a world economic policy; and accordingly they are disposed to pitch higher the claims of their own Movement as an element of ordered co-operation in a world which sorely needs common organs for the framing of policy in the interest of all the peoples. Nationally, Co-operators have to come to terms with actual politics—in Great Britain, for example, with the Labour Party, and in the Soviet Union with the Communist Party. Internationally, there is no such need for accommodation; and Co-operators are free to give their faith in their own Movement more untrammelled expression. They will have to come to terms with what is practicable only when the nations do get down realistically to devising a common economic framework for world collaboration.

Co-operation is a world-wide Movement. It exists, in some form, in every continent and in nearly every considerable country, except where it has been temporarily crushed out by Fascist oppression. Its forms, however, differ widely from country to country, and there are many areas in which it is much more firmly rooted in agriculture than in the retail distribution of consumers' supplies. According to the statistics compiled by the International Labour Office there were in 1937—the latest date for which comprehensive figures are available—no fewer than 810,512 Co-operative Societies known to exist, with 143,260,953 members scattered over almost every part of the world. Of these totals Consumers' Co-operative Societies numbered 50,279, with 59,514,157 members, but were outnumbered by the agricultural Co-operative Societies, of which there were actually 672,184 known to exist, with a total membership of 63,935,295. The remaining Societies were of various types—Credit Societies (the most numerous), Producers' Co-operative Societies, Housing and Building

Societies, Insurance Societies, and a number of miscellaneous bodies which it is not easy to classify. Of Societies of all types, Europe, excluding the U.S.S.R., accounted for 300,323, with 52,470,589 members; the U.S.S.R. for 286,595, with 60,389,271 members; Asia for 167,554, with 14,860,476 members; the Americas for 51,251, with 14,674,426 members; Africa for 3,598, with 331,911 members; and Australasia for 1,191, with 534,280 members. Thus the U.S.S.R. had 42 per cent of the total Co-operative membership; the rest of Europe over 36 per cent; and Asia and the Americas each about 10 per cent.

The totals would have been larger but for the drastic cutting down of Co-operative activity in Germany by the Nazis, who have since suppressed the Movement altogether in the distributive sphere, and but for the taking over of the urban Co-operative Societies in the Soviet Union by the State. In 1935 the Soviet Government by decree transferred all the distributive Co-operative Societies in the larger towns to the State Trading Organisation, and thus at a single step reduced the membership of such Societies from 73 million to about 30 million. As against this there has been a growth of distributive Co-operation in the rural areas of the U.S.S.R. and also a further spread of the system of collective farming, under which a whole village cultivates the main part of the land on a co-operative basis, while each peasant carries on some auxiliary agricultural work on his own. The collective farms are in effect a new form of agricultural Co-operative Society constituted by the State on a basis of compulsory membership in the areas to which the system has been applied. Because of this compulsory character some Co-operators deny that the collective farms—or indeed any part of the Co-operative system as it exists in the Soviet Union to-day—can be regarded as “truly Co-operative”; but the present writer has always failed to see how those who look forward to the “Co-operative Commonwealth,” in which presumably Co-operation will have become universal, can regard voluntary membership as essential to true Co-operation irrespective of the character of the State system—however essential it may be to preserve its voluntary basis as long as it is growing up inside a capitalist social system. At all events I propose to take the view of the International Labour Office, which treats the collective farm as a species of Co-operation. On this view the Soviet Union remains the home of by far the largest Co-operative Movement in the world; and this is still true even if account is taken only of the Soviet Co-operatives which are affiliated to the International Co-operative Alliance, as they made up in 1937, when the last international Conference was held, considerably more than half the total membership of the I.C.A.

In Europe, events since 1939 have, of course, much further reduced the scope for Co-operative activity and have deprived many of the

national Movements of all real freedom, even where they have been left nominally alive. Before the second world war the International Co-operative Alliance, the body which seeks to link up the Co-operative Movements of all countries on the widest possible basis, had lost, in addition to the 3 million Co-operators of Germany, the 300,000 of Austria and the 250,000 of Sudetenland, the 1½ million of Italy having been lost much earlier as a sequel to the Fascist Revolution. Nevertheless, in 1938 the I.C.A. had an affiliated membership of more than 71 million, out of which the U.S.S.R. accounted for 41 million. Next came Great Britain with nearly 8 million, followed by Japan with 6 million and India with 4½ million, mainly in agricultural Societies. France had more than 3½ million affiliated, Denmark and Poland each about 1½ million, Yugoslavia 1¼ million, and Hungary over a million. The United States, Finland, and Sweden had each about 600,000 and Switzerland and Czechoslovakia—the latter now submerged by Nazi conquest—nearly half a million. Bulgaria had over 400,000 and Belgium 350,000. Holland had 250,000, Rumania 200,000, Norway, Latvia, and Spain (sadly reduced by the civil war) 150,000, and Lithuania 100,000. Palestine, where growth has been very rapid among the Jewish settlers, had 90,000, Canada 46,000, and Estonia over 40,000. Finally, there were small affiliated Movements in Argentina (12,000), Iceland (9,000), the French (but not the British) West Indies (9,000), and South Africa (a single Society, 2,000).

These figures relate only to the membership affiliated to the International Co-operative Alliance, which is still mainly a federation of Consumers' Movements in the European countries, though it has made, especially since its Stockholm Congress of 1927, increasing efforts to attract other types of Society into its ranks. Outside it in 1937 still were, besides the submerged European Movements, the large and growing Chinese Co-operative Movement, most of the developing Movements in South and Central America, the greater part of the agricultural Movements in the United States, Canada, and South Africa, the entire Movement in Australia and New Zealand, the collective farms of the Soviet Union, and, in most countries, a good many of the Agricultural Co-operative Societies, Credit Societies and Credit Banks, and miscellaneous Societies for housing and other purposes. Nevertheless, the I.C.A., with its 71 million members, was a great world force and seems likely after the war to extend its influence a good deal further, as well as to regain the lost Co-operative Movements of the countries now under Fascist rule.

The International Co-operative Alliance has developed gradually since its formation, after a shaky start,* at the first international Co-operative Congress, which was held in London in 1895. Its

* See page 254.

early development was due largely to H. W. Wolff, the leading propagandist on behalf of the Co-operative Credit Societies, who became its President in 1896 and remained in office until 1907, when he was succeeded by William Maxwell. Wolff toured many continental countries on behalf of the Alliance, and induced a large number of Societies to become affiliated to it. It was then made up, not of national bodies, but of as many Societies in each country as agreed to join, and it also admitted individual sympathisers as members. Individual membership was given up, except for persons from Co-operatively backward countries, after the Manchester Congress of 1902; and thereafter the I.C.A. developed for some time mainly as a federation of Consumers' Societies and Movements. It had held international Congresses in 1896 (Paris), 1897 (Delft), and 1900 (Paris); and after the 1902 (Manchester) Congress it held further Congresses in 1904 (Budapest), 1907 (Cremona), 1910 (Hamburg), and 1913 (Glasgow), prior to the first world war. In 1907 Dr. Hans Muller became Secretary, and the following year the I.C.A. began to issue a regular *International Co-operative Bulletin* in English, French, and German editions, and in 1910 a *Year Book of International Co-operation*. During this period many of the Agricultural and Credit Societies which had joined the Alliance allowed their membership to lapse; and in 1910 there was a proposal to convert it into a federation of National Federations—which would have made it almost wholly a consumers' body. This was opposed by the British delegates and defeated; but up to 1914 the I.C.A. remained overwhelmingly made up of Consumers' Societies.

The outbreak of war in 1914 inevitably affected the development of the International Co-operative Alliance, albeit much less than it has been affected by the present war. The Glasgow Congress of 1913, at which Henry J. May became Secretary of the Alliance, had passed a strongly worded resolution in favour of the maintenance of peace; and soon after the outbreak the committee, consisting entirely of British members, sounded the Co-operators of all countries on the question of issuing a manifesto in favour of peace, with the endorsement of the entire international Co-operative Movement. The majority of the national groups, while deploring the war, were against this course; and the idea was given up. It was, however, found possible throughout the war years to maintain international contacts; and communications were kept up with the German and Austrian Co-operators through the Dutch Movement. The *Bulletin* continued to be published; and a German edition, translated from the English text, was published at Hamburg by the German Co-operators. In 1916 the French Federation of Consumers' Co-operative Societies took the initiative in calling an Allied Co-operative Conference, which met in Paris. The I.C.A., fearful of prejudicing the neutrality which it studiously preserved throughout the war, did not take part in it;

but the Co-operative Union represented Great Britain. The main purpose was to discuss war-time and post-war economic policy and the steps to be taken to help Co-operative Societies which had been adversely affected; but the proposal to organise an international Co-operative Wholesale Society was also discussed and approved. Early in 1919 a second Allied Co-operative Conference was held in Paris, with representatives from a larger number of countries ; and on this occasion, the war being at an end, the I.C.A. was represented in a consultative capacity. This second gathering organised help for the reconstruction of Co-operative Societies in the devastated areas, declared in favour of a bureau of international commercial information as a first step towards an international C.W.S., and endeavoured to define the attitude of allied Co-operators to post-war international economic policy, declaring for an international system based on mutual exchanges between associated Consumers' Movements in the various countries.

This second Allied Conference was followed up by an Allied and Neutral Conference, held in Paris in June, 1919, at which the post-war policy of Co-operators was more fully formulated, and preliminary steps were taken towards bringing the I.C.A. back into active work. The discussions turned largely on the place of Co-operation in a post-war international order to be based on a League of Nations, and the resolutions adopted included a demand for the continuance during the post-war emergency of the Inter-Allied Controls over foodstuffs, materials, and shipping space, and for "the collaboration of the public authorities with the Co-operative organisations of each country to ensure equitable distribution and reasonable prices of goods imported in common and of all other merchandise." The Conference further demanded the discontinuance of tariffs, except for revenue, and "the conclusion of a complete commercial treaty, or of commercial agreements comprising a general system" between the countries to be included in the League of Nations, with the effect of "placing them on an equal footing." It advocated "the consideration in common by the nations of great economic projects for the development of co-ordination . . . which should be realised by the collaboration of and under the control of representatives of associated consumers, unaided by profit-seeking private firms." In connection with this programme the Conference pronounced in favour of the early establishment of an International Wholesale Society and of the earliest possible resumption of full activities by the I.C.A.

As a sequel to this Conference, meetings of members of the Central Committee of the I.C.A. were held in 1919 and 1920 in London and Geneva and at the Hague, leading up to the full international Co-operative Congress held at Basle in 1921, at which the I.C.A. revised its constitution in the light of post-war conditions,

with the object of converting itself from a loose federation of Movements and Societies for purely consultative purposes into a body strongly enough organised to influence the development of the national Movements and of both national and international social and economic policies throughout the world. Hitherto the Executive Committee had been purely British, and had managed the affairs of the Alliance between the infrequent meetings of the Central Committee; but in 1921 the Executive was reconstituted so as to become representative of the leading countries. At the same time the Dutch Co-operative leader, G. J. D. C. Goedhart, succeeded William Maxwell as President. Goedhart, who, as a neutral, had been the agent through whom contact had been maintained during the war between the Alliance headquarters in England and the Co-operators in Central Europe, was clearly well placed for bringing about a restoration of unity. The office, however, remained in England, with H. J. May as Secretary, and May's services in rebuilding the international Movement during the post-war period were very great indeed.

Before the Basle Congress questions had arisen about the status of the Co-operative Movement in the Soviet Union. There had been much controversy among the Communist leaders on this question in the early days ; but there had been general agreement among them that the Co-operative Societies, if they were to be retained in the Socialist State, must be completely transformed, as they were regarded by the Bolsheviks as *petit-bourgeois*, or counter-revolutionary agencies, in their existing condition. In 1919 a Soviet decree transformed the Co-operative Stores into Consumers' Communes based on universal local membership and entrusted them with the task of organising local exchanges between industrial and agricultural products. In 1920 all the remaining Societies were amalgamated with the Consumers' Communes, which were all linked up with the Centrosoyus—the existing central federation of the distributive Movement. Centrosoyus thus became a very important part of the Soviet economic machine ; and, especially during the years of the "New Economic Policy" which succeeded the period of "War Communism," it undertook extensive trading abroad as well as at home, and became the link between the Russian Movement and the trading agencies of the Movements in other countries. These changes provoked, however, much heart-searching among Co-operators, who had been accustomed for the most part to think of Co-operation as essentially a voluntary Movement standing apart from the State. Many Co-operators did not at all like the idea either of compulsory, or virtually compulsory, membership or of the State pushing the Co-operative Movement about as it pleased and telling the Co-operative Societies what they were to do, whom they were to enrol, and, to a large extent, by whom they were to be administered.

The period of "War Communism" was still in being when, in 1921, the Basle Congress of the I.C.A. had to face the problem of its attitude towards the reorganised Soviet Co-operative Movement. Centrosoyus, the central organisation of the Russian Co-operators, had been a member of the Alliance since 1903. The question which was hotly debated at Basle was whether the delegates sent by the reorganised Centrosoyus were to be regarded as legitimate representatives of Co-operation or as merely camouflaged representatives of the Soviet Government. The Committee of the I.C.A. had accepted the delegates; and the Congress finally ratified this decision, though not without expressions of its continued adherence to the view that Co-operation ought to rest on a voluntary basis and to maintain its independence of the State—an independence which most of the Co-operative leaders outside the Soviet Union continued to regard as indispensable to the proper realisation of the Co-operative ideal. There was accordingly much rejoicing among Co-operators in the Western countries when, in 1924, a decree of the Soviet Government restored the principle of voluntary membership, reinstated share capital, which had been abolished, again separated the distributive Stores from Co-operative Societies of other types, and generally appeared to go a substantial way towards giving back the Movement's autonomy within the Soviet system.

This, however, is running ahead of the general story. The other principal preoccupation of the Basle Congress of 1921 was the question of establishing an International Co-operative Wholesale Society. The Cremona International Congress of 1907 had set up an International Co-operative Trading Committee, which had fallen into abeyance during the war, though, as we have seen, the question was considered at the Allied Co-operative Conference of 1916 and at subsequent meetings. It was now decided to reconstitute this body under the name of the International Co-operative Wholesale Society; but, to the chagrin of the more enthusiastic internationalists, it was not regarded as practicable to give it at the outset any actual trading functions, and it was set up merely as an instrument for bringing the Wholesale Societies of the various countries into touch one with another. Some developments of mutual trade and common action between the Wholesales of the various countries did occur as a result of the establishment of the I.C.W.S.; but not until 1937 did the I.C.W.S. give birth to the International Co-operative Trading Agency, which was empowered to undertake actual trading activities on a commission basis, but not to trade independently on its own account.

The Basle Congress also revised the rules of the I.C.A. so as to make affiliation open to four types of body—national federations, including both trading and other central bodies; regional federations; Co-operative Societies, of any type; and auxiliary bodies,

such as the Co-operative Guilds. The I.C.A. naturally reserved to itself the question whether any body applying for affiliation was to be regarded as legitimately Co-operative in character. In relation to Consumers' Societies it seemed natural enough to lay down as a condition adherence to the "Rochdale principles," which the I.C.A. was later under the necessity of endeavouring clearly to define. This test, however, could not be fully applied to Agricultural Societies, or Credit Societies, or Producers' Societies, or to mixed federations made up of a number of bodies of different types ; and, until a thorough attempt could be made to work out a set of criteria applicable to all the different types of Society which the I.C.A. wished to bring within its ranks, it was necessary to apply in practice a much less formal test than was officially laid down, and in effect to ask mainly whether any particular body applying for affiliation could be regarded as Co-operative in its essential spirit, and not merely in form. The "Rochdale principles" were useful for this purpose, and could usually be applied without much difficulty in the case of Consumers' Societies; but even in that case the Soviet Co-operatives presented a problem, as they were neither fully voluntary nor politically neutral nor wholly independent of the State. In other types of Society these conditions were very often fully satisfied, but farmers' Co-operatives for common cultivation or sale of produce could not apply the system of dividends on purchases, and there were movements attached to particular parties or religious sects. The Congress of 1921 did not attempt to deal fully with these issues. It was in the main dominated by the Consumers' Societies and its mind was exercised mainly by the Russian problem, which was complicated by the presence on its Central Committee of Russian Co-operators associated with the old Centrosoyus of pre-Bolshevik days. The wider problems of eligibility raised in connection with other types of Co-operation than the Consumers' Societies had in the main to be left over for later consideration.

I.C.A. Congresses were held at Ghent (1924), Stockholm (1927), Vienna (1930), London (1934), and Paris (1937). In 1927 the I.C.A. accepted an invitation to take part in the League of Nations international Economic Conference at Geneva ; and thereafter it maintained close relations with the Economic Section of the League, as well as with the International Labour Office, with which it had been in close contact from the first. Partly as a result of these contacts with the League and the I.L.O. there was created in 1931 an international Committee for Inter-Co-operative Relations, set up jointly by the I.C.A. and the International Confederation of Agriculture and designed to develop closer connections between the distributive and industrial and the agricultural sides of the Co-operative Movement. Successive directors of the International Labour Office—Albert Thomas, Harold Butler, and J. G. Winant—

served as chairmen of this committee, to which were later added representatives of the I.C.W.S. and of the Horace Plunkett Foundation.

In connection with these developments the I.C.A. set out, from 1927, to secure the allegiance of agricultural Co-operative Movements all over the world, and became less predominantly a federation of Consumers' organisations. By 1935 it covered thirty-nine countries and had 107 million individual members affiliated to it, including 73 million in the Soviet Union. Thereafter, for reasons already stated, total membership fell off; and the Alliance was never wholly successful in securing the support of the newer agricultural movements outside Europe. It did, however, from 1927 onwards, develop widely its range of work. In 1928 it took over from the Co-operative Union the organisation of the International Co-operative Summer School, first started in 1921; and the same year it converted its *Bulletin* into a *Review of International Co-operation*, containing much more information and discussion of Co-operative problems. It also made progress in stimulating the wider celebration of "International Co-operative Day," which it had instituted in 1923, and the international recognition of the "Rainbow Flag," made up of all the primary colours, as the symbol of Co-operation in all countries; and it took part in a widening range of international activities concerning peace, health, nutrition and standards of living, and economic and social policy generally, as well as in such matters as the international development of Co-operative banking and insurance.

In 1933, as we have seen, the I.C.A. was dealt a heavy blow by the advent of the Nazis in Germany. Nazis had made great play, while they were in opposition, with attacks on combines and monopolies, combining these with attacks on Co-operation as the enemy of the small trader, whose friends they pretended to be. Their accession to power was followed by the compulsory cartelisation of German industry, the incorporation of the Consumers' Societies in the Nazi "Labour Front" under a special Co-operative Führer, and the absorption of the agricultural Co-operative Societies into the Nazi "Agricultural Estate." The existing Co-operative Wholesale Societies were taken over and reconstituted as a single Wholesale Society which was deprived of any Co-operative character and traded indiscriminately with Co-operative and non-Co-operative bodies. From 1935 the establishment of new Co-operative Societies was restricted, and under the pretext of dissolving "unsound" Societies the Nazis set to work to close down or hand over to capitalistic control many of the leading Consumers' Societies. By 1937 the number of such Societies had been reduced from over 1,000 to little more than 500, and membership from 3,600,000 to 2 million. The Austrian Movement was similarly dealt with in

1938 ; and finally, in 1941, the entire German Consumers' Co-operative Movement was shut down. Co-operative forms, without any element of democratic control, have been, however, largely preserved in the agricultural field, and the small but numerous Co-operative Credit Agencies continue in many cases to exist.

The second blow to the I.C.A. came from the decision of the Soviet Union to transform the urban Consumers' Co-operatives for a second time into State trading concerns based on universal custom. This change came with the cessation of strict rationing in the Soviet Union, and was accompanied by measures designed to foster the growth of Co-operative Stores in the rural areas. The reason given by the Soviet authorities was that the entire control of retail distribution throughout the Soviet Union, and of the wholesale trading associated with it, was a task far too large for a Movement resting on a basis of voluntary association and not forming part of the State machine, and that the handing over of the urban Stores to the State Trading Agency would set free the energies of the Movement to develop Co-operative methods in the villages, where there were great openings for them in connection with the growth of the collective farms. In effect, the State had made up its mind to take a complete monopoly of foreign trade into its own hands and also, now that the danger from famine was over, to consolidate its position in wholesale trading and in the control of retail supplies. In the rural areas it still needed the Co-operative Stores to exchange industrial goods for peasant produce, and believed that Co-operation could act as a valuable instrument of peasant education and economic advance ; but in the towns it preferred to keep the control of supplies in its own hands.

This decision naturally aroused much criticism among Co-operators; indeed, Vaino Tanner, the Finnish President of the I.C.A. in 1937, commented on it much more adversely than he did on the measures taken by the Nazis against the German Co-operative Societies. There were some who wished to expel the Russians from the I.C.A. on the ground that Soviet Co-operation no longer conformed sufficiently to the "Rochdale principles." But fortunately wiser counsels won the day.

The "Rochdale principles" were discussed at length at the I.C.A. Congress of 1937 on the basis of a Report brought forward by a special committee which had been set up in 1930 for the purpose of inquiring into the conditions under which the Rochdale principles were applied in the various countries and, if necessary, defining them. In an earlier chapter* I have set down the "Rochdale principles" as eight in number : the I.C.A. committee reported them to be seven, omitting the supply of pure and unadulterated goods, which it presumably thought could be taken for granted in

* See page 74.

these days, in view of the general adoption of protective legislation in the more advanced countries. Of these seven remaining principles it decided that four ought to be regarded as obligatory. These four were : 1, Open membership ; 2, Democratic control, further defined as " One man, one vote " ; 3, Distribution of the surplus to the members in proportion to their transactions ; and 4, Limited interest on capital. The other three—5, Political and religious neutrality ; 6, Cash trading ; and 7, Promotion of education—it described as " undoubtedly part of the Rochdale system, and successfully operated by the Co-operative Movements in the different countries," but " not a condition of membership of the I.C.A."

It might appear from this wording that observance of the first four principles was thereafter to be regarded as " a condition of membership of the I.C.A." But this was not, and could not be, fully the case, except in relation to Consumers' Societies. Speaking of Societies of other types the committee reported " their view as to the necessity of a less rigid interpretation of certain principles in those types of organisations which, in their constitution and operations, while genuinely Co-operative, necessarily differ from the simple form of Consumers' Societies for whose conduct the Rochdale System was established." In other words, the committee felt the Rochdale principles to be somehow vital, but was unable to find a fully satisfactory way of defining their application to Societies of radically different types from the ordinary Consumers' Stores. It did, no doubt, lay down in so many words that " dividend on purchases " was to be regarded as an essential principle and a condition of admission to the I.C.A. But it qualified this declaration by re-defining " dividend on purchases " to mean " the principle of distribution of the surplus amongst the members in proportion to their contribution to the operations of the Society—whether by purchases, deliveries of produce, or labour." This was wide enough to cover farmers' Societies selling their produce and distributing a dividend on sales and Producers' Societies paying out the whole or a part of their surplus as a bonus to labour. In practice, it was also extended to cover Societies which paid no dividends, but put the whole of their surpluses to reserves; and, of course, it covered Societies which made no cash distribution, but applied their surpluses to the provision of collective services for their members.

Over the other " Rochdale principles " which were laid down as " essential " by the 1937 Congress there is much less difficulty. " Open membership " is commonly practised by Co-operative Societies of most types as far as it can be practised. Producers' Societies cannot, of course, practise it in the sense of employing more worker-members than their economic circumstances allow ; and some Credit Societies are based on a restricted membership. But these

cannot be regarded as real breaches of the principle, in which what is really essential is that the member who joins is at once admitted to equal rights with the previous members. The 1937 Congress, however, in its declaration went further, and spoke of the principle not merely as "Open membership," but as "Open and voluntary membership," and affirmed that "the right of every citizen should be freedom to remain outside or to enter the ranks of its [the Co-operative Movement's] adherents according to the dictates of their own free will." Strictly interpreted, this would exclude the Soviet Co-operators ; but it appears that the I.C.A. does not go beyond "Open membership" in applying positive conditions of admission into its ranks.

Similarly, "Democratic control" is the general rule in the Movement, though it does not always mean quite "One man, one vote." In the Wholesale Societies, for example, voting power is often based on purchases rather than on the membership of the member-Societies ; but this is not regarded as a departure from the spirit of the condition. Here again, however, the Congress declaration of 1937 went far beyond the rule by declaring under the heading of "Democratic control" for "the complete autonomy of Societies in relation to the national economic life and freedom of development, which is only limited by State or legislative provisions which are common to, and in the interests of, the whole community."

The fourth principle, "Limited interest on capital," the Congress declaration described as "a corollary to the elimination of individual profit-making through the method of dividing the surplus in proportion to the contribution of the members to its production, and an attempt to establish a 'just price' for the sale of the necessities of life, and the limitation of the profits of capital." Here no substantial difficulty arose.

The other three "Rochdale principles" it was clearly impossible so to interpret as to make them practicable conditions of admission to the I.C.A. "Political and religious neutrality" would have ruled out not only the Russians, who denied their neutrality in politics though they had no formal connection with the Communist Party, but also the British Co-operators, who had their own party, the Belgians, who were organically associated with the Belgian Labour Party, and some other groups. "Cash trading," strictly understood, would have excluded a great number of Movements, including all or nearly all the Producers' Societies and also many distributive Societies ; and the principle clearly could not be applied to banks or Credit Societies. Even the British Consumers' Movement does a substantial amount of credit trading, especially through clubs of various kinds, and was among the objectors to the inclusion of this principle among the obligatory conditions of membership. It is, moreover, very difficult exactly to define "cash trading" ; and,

while most Co-operators desire to keep "credit trading" down to a minimum as far as sales to consumers are concerned, it is not practicable, in face of the competition of private traders, to exclude it altogether. As for the seventh principle, "Promotion of education," the committee had no doubt that it should be regarded as an essential "Rochdale principle," but in view of the great diversity of the provision made by modern Societies of different types, and of the difficulties of definition, did not recommend that it should be laid down as one of the conditions of membership of the I.C.A.

There is, no doubt, something illogical in defining eligibility for membership of the I.C.A. in terms of the "Rochdale principles," and then admitting that they are in the nature of the case partly inapplicable to a high proportion of the total number of Co-operators in the world. It would, however, obviously be difficult to devise any rigid formula which would satisfactorily cover all the varied forms of genuinely Co-operative organisation. Producers' Societies, including farmers' Societies for collective agricultural production or marketing, plainly cannot be fitted into the "Rochdale principles"—unless these are re-interpreted to make them mean something different from what any ordinary person would take them to mean. The industrial Producers' Societies may pay dividends to their customers, but in most countries many of them also usually pay bonuses or dividends to labour*; and they have moreover usually to decide, on some principle more complex than that of "One man, one vote," how control is to be shared between those who provide the capital and those who do the work. Farmers' Marketing Societies may pay dividends "in proportion to transactions," and thus comply with the formulation of the third principle; but have such "dividends on sales" anything really in common with "dividends on purchases" of the Rochdale type? Even the Consumers' Societies, in their federal organisations, do not stick to the principle of "One man, one vote." Some of them have voting according to the volume of transactions of their affiliated bodies. Still more, Credit Societies and Housing Societies cannot adopt the "Rochdale principles" just as they stand; while auxiliary bodies, such as Co-operative Guilds, can only profess devotion to them, and cannot put them into practice.

Actually, these difficulties are recognised; and it is clear that many legitimate forms of Co-operation cannot be squeezed into a Rochdale strait-jacket. The line does not, however, run between the ordinary Co-operative Store and the Agricultural Society; for one of the largest groups of Agricultural Society—in Great Britain much the largest—consists of Supply Societies which sell farm requisites and can pay dividends on them just as easily as Consumers'

* This is an invariable rule for the Societies affiliated to the Co-operative Productive Federation in Great Britain.

Stores can on ordinary household goods; indeed, many Societies deal both in farm requisites and in general consumers' supplies, and pay dividends to the consumers on both types of purchases. The line runs not between rural and urban Co-operation, but between Producers' and Consumers' Societies, with the manufacturing Societies of Producers and the farmers' Producing and Marketing Societies on the one side and the Consumers' Stores and Agricultural Supply Societies on the other. But even this division breaks down; for there are many Societies which both supply requisites to their members and market their produce for them.

Obviously there is no room in this book to embark on any description of the world-wide Co-operative Movement in all its aspects, from the collective farms of the Soviet Union to the Canadian Grain-growers' Co-operative Societies, and from the Credit Societies of Japan to the Co-operative Creameries of Eire and the highly specialised Agricultural Societies of Denmark. There is no space to deal with the Artels (Small Producers' Industrial Co-operative Societies) of the Soviet Union or with the rapid, and somewhat chaotic, development of Co-operative Societies of almost every sort and kind in the United States, especially since the Great Depression of the early 'thirties, or with the recent spread of Agricultural Co-operation in Eastern Europe and in Latin America. This book deals with British Co-operation, and touches upon other Movements only at the points at which they come into contact with the British Movement. It was none the less necessary to make some mention of the spread of the Co-operative method and of the parallel growth of the I.C.A., because undoubtedly British Co-operators have become in recent years much more conscious than they used to be of the international aspects of the Movement and of the need to formulate policies for it on a more than national scale. This sense arose during the first world war and led both to the creation of the International Co-operative Wholesale Society and the International Co-operative Women's Guild and to the taking much more seriously of the task of building up closer relations with Co-operative Movements abroad, alike through trading connections and through the work of the I.C.A.

These connections were easiest to build where the Movements had most in common. In particular, it was found easy to build up intimate connections with the Swedish Co-operative Movement, which, though there is in Sweden a large Agricultural Movement with its own central organisation, rests on the foundation of a Store Movement similar in many respects to the Movement in Great Britain and imbued with a similar veneration for the "Rochdale principles." Sweden, between the wars, attracted a host of Co-operative admirers from all over the world, and not least from Great Britain; and there have been many British Co-operators who have

urged upon the Movement here the adoption of one or another of the characteristic Swedish methods—perhaps, most of all, the uniformity of Store design, with its effective “Konsum” sign, seen all over the country except in the extreme south, where conditions are more like those of Denmark. There have been for a long time now close practical relations between the British and Swedish Movements, broadening out into connections with all Scandinavia through the highly effective Nordisk Andelsförbund—the Wholesale Society, formed in 1918, which links together all the five Wholesales of the Scandinavian countries. Close connections have also grown up between Scotland and Kooperativa Lumaförbundet—the Luma Society which makes electric bulbs for Northern Europe in opposition to the capitalist ring. The British Luma Society, formed to undertake this manufacture in Scotland under the joint auspices of the Swedish and Scottish Wholesale Societies, came into production just as the second world war broke out in 1939.

We have seen, too, how the British Co-operative Movement, spurred on largely by the Horace Plunkett Foundation, has tried to establish closer relations with the largely agricultural Co-operative Movements in the British Dominions. This Foundation, set up in 1919 “to promote the systematic study of the principles and methods of agricultural and industrial Co-operation,” has become a centre of international Co-operative research of the first importance in the field of Agricultural Co-operation. Its annual, *The Year Book of Agricultural Co-operation*, begun in 1928 to cover only the British Empire, and then from 1930 broadened out to deal with more and more countries, has been an invaluable source of information and exchange of opinion; and the Foundation has been particularly of use in promoting the growth of the Co-operative Movement in the less economically advanced countries, with many of which the I.C.A. has yet to establish any close contacts.

Other fields in which some steps have been taken towards extending international Co-operative action are banking and insurance. From 1922 onwards there has been a joint committee linking together the more important national Co-operative Banks which undertake services one for another in connection with Co-operative international trade. Similarly, from 1922 there has been an international Co-operative Insurance Committee, and Co-operative insurance bodies in the leading countries have taken some action in re-insuring one another's risks. Developments in both these fields have so far been relatively modest; but in both real beginnings have been made.

Undoubtedly one great factor both in promoting the growth of Co-operation in the agricultural countries and in causing the Co-operative Movements of both industrial and agricultural countries to draw more closely together has been the disorganised condition

of world economic affairs ever since the crisis of 1931. The collapse of agricultural prices impelled the peasants and farmers in many countries to consider more seriously the prospects of Co-operative marketing, and Government measures to protect farming interests were often incidentally helpful to the growth of agricultural Co-operation, which usually gets much more encouragement in official quarters than the Consumers' Movement. But the Consumers' Movement has also benefited, especially in the United States where, before the Great Depression, it had hardly begun to take hold. War conditions, except in the countries which have been overrun, have further strengthened the Consumers' Societies by impelling people to join them as a protection against high prices and unfair trade practices. It is already manifest that the Co-operative Movement will be called upon to play a large part when the war is over, both in the measures of immediate relief in the devastated areas of the world and in the building up of the new planned systems of exchange between the producers of industrial and agricultural products. In these tasks British Co-operation, as the most stable and, outside the Soviet Union, the largest Co-operative Movement in the world, is evidently destined to take a position of vital importance; and British Co-operators, in celebrating the centenary of the Rochdale Pioneers, can hardly do better than lay well and truly their plans for playing their part in the tasks of world reconstruction.

THE WORLD CO-OPERATIVE MOVEMENT BEFORE THE WAR.
Co-operative Societies known to the International Labour Office.*

				Countries	Number of Societies		Number of Members (thousands)
Consumers' Societies :							
Europe (except U.S.S.R.)	..			25	20,907	..	19,251
U.S.S.R.	..	..	..	1	24,113	..	39,200
America	..	..	..	12	4,061	..	585
Oceania	..	..	..	3	169	..	131
Africa	..	..	..	4	46	..	16
Asia	..	..	..	9	983	..	330
Producers' Societies :							
Europe	..	..	..	—	4,408	..	234
U.S.S.R.	..	..	..	—	14,555	..	1,882
America	..	..	..	—	1,178	..	101
Asia (incomplete)	..	..	..	—	204	..	5
Agricultural Marketing Societies :							
Europe	..	..	..	—	42,326	..	5,606
America	..	..	..	—	9,173	..	2,463
Oceania	..	..	..	—	622	..	227
Africa	..	..	..	—	1,253	..	128
Asia	..	..	..	—	17,172	..	4,828
Agricultural and Rural Credit Societies :							
Europe	..	..	..	—	65,774	..	8,883
America	..	..	..	—	5,933	..	579
Africa	..	..	..	—	465	..	50
Asia	..	..	..	—	117,267	..	7,925
Other Agricultural Societies :							
Europe	..	..	..	—	79,789	..	7,838
America	..	..	..	—	6,785	..	1,140
Oceania	..	..	..	—	123	..	49
Africa	..	..	..	—	1,773	..	114
Asia	..	..	..	—	17,563	..	5,537

Miscellaneous Societies (Housing, Insurance, Fishing, etc.) are not included in this table.

* Extracted from *Co-operative Organisations and Post-war Relief*, I.L.O., 1944.

XXII.

CO-OPERATION TO-DAY AND TO-MORROW

I.—THE GROWTH OF CO-OPERATION

The growth of the Consumers' Co-operative Movement has been remarkably steady as well as rapid ever since it first struck firm roots in British soil. There are no figures earlier than 1873 accurate enough to be given; but from that date the available statistics give a sufficient impression of the rate and continuity of growth. Over the entire span of years from 1873 to 1942 there have been but two years in which total membership of Consumers' Distributive Societies has decreased; and in both years the fall was slight—1.3 per cent in 1881 and 0.6 per cent in 1922. These were both years of depression; but in general Consumers' Co-operation has managed to increase the number of its supporters in bad years as well as good. The rate of growth has, of course, been uneven from year to year, and sometimes it has notably slowed down for a period; but on the whole what stands out is its continuity.

Beginning at 1873, we can see the latter end of the very rapid growth which occurred during the boom period of the late 'sixties and early 'seventies—a period full of active experiment in every economic field. After 1875, with the gradual slide down into depression, the growth became slower; but even so, the number of members of the Stores rose by 114,000, or 26 per cent, between 1875 and 1880. The early 'eighties, despite chequered industrial conditions, added another 193,000, or 35 per cent; and after a check in the badly depressed year, 1886, there was a further advance. Membership rose by 215,000, or 29 per cent, between 1885 and 1890—the period of the rise of the Women's Guild and, in the Trade Union world, of the great gasworkers' and dockers' strikes, and of the spread of Trade Union organisation among the less-skilled workers. The early 'nineties, which saw the foundation of Keir Hardie's Independent Labour Party in 1893, added 230,000 more members, or 32½ per cent, to the membership of the Consumers' Societies; and this advance was bettered between 1895 and 1900, with an increase of 432,000, or 34 per cent. Between 1900 and 1905—the early years of the Labour Representation Committee, when Trade Union activity was damped down by the Taff Vale Judgment—the absolute increase was larger still—446,000—but the rate fell to 26 per cent.

These were the closing years of the long period of Conservative rule which followed the Gladstonian era. After them came the sweeping Liberal victory and the advent of the Labour Party as a recognised factor in British politics.

THE GROWTH OF CONSUMERS' CO-OPERATION, 1873-1942

	Number of Distribu- tive Societies		Total Member- ship		Annual Increase of Member- ship		Five Years' Increase of Member- ship		Five Years' Increase of Member- ship		Average Number of Members per Society
					Thousands	Per cent	Thousands	Per cent	Thousands	Per cent	
1873 .. —	350	..	—	..	—	..	—	..	—
1874 .. —	375	..	7.2	..	—	..	—	..	—
1875 .. —	440	..	17.4	..	90	..	25.8	..	—
							(2 years)		(2 years)		
1876 .. —	468	..	6.8	..	—	..	—	..	—
1877 .. —	483	..	3.2	..	—	..	—	..	—
1878 .. —	510	..	5.6	..	—	..	—	..	—
1879 .. —	525	..	3.0	..	—	..	—	..	—
1880 .. —	554	..	5.5	..	114	..	25.9	..	—
1881 .. 971	547	..	(—1.3)	..	—	..	—	..	564
1882 .. 1,043	599	..	9.6	..	—	..	—	..	574
1883 .. 1,051	628	..	4.9	..	—	..	—	..	597
1884 .. 1,128	696	..	10.8	..	—	..	—	..	617
1885 .. 1,148	747	..	7.4	..	193	..	34.9	..	650
1886 .. 1,148	774	..	3.6	..	—	..	—	..	675
1887 .. 1,153	828	..	7.0	..	—	..	—	..	718
1888 .. 1,204	867	..	4.7	..	—	..	—	..	720
1889 .. 1,297	932	..	7.5	..	—	..	—	..	719
1890 .. 1,240	962	..	3.2	..	215	..	28.8	..	775
1891 .. 1,307	1,045	..	8.6	..	—	..	—	..	799
1892 .. 1,420	1,127	..	7.9	..	—	..	—	..	794
1893 .. 1,421	1,169	..	3.7	..	—	..	—	..	823
1894 .. 1,421	1,213	..	3.8	..	—	..	—	..	854
1895 .. 1,417	1,275	..	5.1	..	230	..	32.5	..	899
1896 .. 1,428	1,356	..	6.8	..	—	..	—	..	950
1897 .. 1,442	1,466	..	8.1	..	—	..	—	..	1,016
1898 .. 1,436	1,536	..	4.8	..	—	..	—	..	1,069
1899 .. 1,446	1,613	..	5.0	..	—	..	—	..	1,116
1900 .. 1,439	1,707	..	5.9	..	432	..	34.0	..	1,186
1901 .. 1,438	1,793	..	5.0	..	—	..	—	..	1,247
1902 .. 1,454	1,893	..	5.6	..	—	..	—	..	1,302
1903 .. 1,455	1,987	..	5.0	..	—	..	—	..	1,366
1904 .. 1,454	2,078	..	4.6	..	—	..	—	..	1,429
1905 .. 1,452	2,153	..	3.6	..	446	..	26.2	..	1,483
1906 .. 1,441	2,222	..	3.2	..	—	..	—	..	1,542
1907 .. 1,432	2,323	..	4.6	..	—	..	—	..	1,622
1908 .. 1,418	2,414	..	4.0	..	—	..	—	..	1,696
1909 .. 1,430	2,469	..	2.2	..	—	..	—	..	1,727
1910 .. 1,421	2,542	..	3.0	..	389	..	18.1	..	1,789
1911 .. 1,403	2,640	..	3.9	..	—	..	—	..	1,882
1912 .. 1,392	2,751	..	4.3	..	—	..	—	..	1,976
1913 .. 1,382	2,878	..	4.6	..	—	..	—	..	2,083
1914 .. 1,385	3,054	..	6.1	..	—	..	—	..	2,205
1915 .. 1,375	3,265	..	6.9	..	723	..	28.4	..	2,374
1916 .. 1,362	3,520	..	7.8	..	—	..	—	..	2,585
1917 .. 1,366	3,788	..	7.7	..	—	..	—	..	2,773
1918 .. 1,364	3,847	..	1.5	..	—	..	—	..	2,820
1919 .. 1,357	4,131	..	7.4	..	—	..	—	..	3,045
1920 .. 1,379	4,505	..	9.1	..	1,240	..	38.0	..	3,267
1921 .. 1,352	4,549	..	1.0	..	—	..	—	..	3,364
1922 .. 1,321	4,519	..	(—0.6)†	..	—	..	—	..	3,421

* It is possible that this may not be a real decrease, as it may be due to a change in classification as between Co-operative Societies and Provident Societies of other types.

† This decrease was due to an overhaul of membership lists after the war.

[Continued overleaf

The Growth of Consumers' Co-operation, 1873-1942—*continued*

	Number of Distribu- tive Societies	Total Member- ship Thousands	Annual Increase of Member- ship Per cent	Five Years' Increase of Member- ship Thousands	Five Years' Increase of Member- ship Per cent	Average Number of Members per Society
1923	.. 1,314	.. 4,569	.. 1.1	.. —	.. —	.. 3,477
1924	.. 1,314	.. 4,703	.. 3.0	.. —	.. —	.. 3,579
1925	.. 1,289	.. 4,911	.. 4.4	.. 406	.. 9.1	.. 3,810
1926	.. 1,280	.. 5,187	.. 5.6	.. —	.. —	.. 4,052
1927	.. 1,267	.. 5,579	.. 7.6	.. —	.. —	.. 4,403
1928	.. 1,245	.. 5,885	.. 5.5	.. —	.. —	.. 4,727
1929	.. 1,234	.. 6,169	.. 4.9	.. —	.. —	.. 4,999
1930	.. 1,210	.. 6,403	.. 3.8	.. 1,492	.. 30.4	.. 5,292
1931	.. 1,188	.. 6,590	.. 2.9	.. —	.. —	.. 5,547
1932	.. 1,171	.. 6,760	.. 2.6	.. —	.. —	.. 5,773
1933	.. 1,150	.. 6,917	.. 2.3	.. —	.. —	.. 6,015
1934	.. 1,135	.. 7,203	.. 4.2	.. —	.. —	.. 6,346
1935	.. 1,118	.. 7,484	.. 3.9	.. 1,081	.. 16.9	.. 6,694
1936	.. 1,107	.. 7,808	.. 4.4	.. —	.. —	.. 7,053
1937	.. 1,094	.. 8,085	.. 3.6	.. —	.. —	.. 7,390
1938	.. 1,085	.. 8,405	.. 4.0	.. —	.. —	.. 7,746
1939	.. 1,077	.. 8,643	.. 2.8	.. —	.. —	.. 8,025
1940	.. 1,065	.. 8,717	.. 0.8	.. 1,233	.. 16.5	.. 8,185
1941	.. 1,059	.. 8,773	.. 0.7	.. —	.. —	.. 8,284
1942	.. 1,058	.. 8,925	.. 1.7	.. —	.. —	.. 8,436
				1939-42 282	1939-42 3.2	

Somewhat surprisingly, the Liberal victory of 1906 and the subsequent advances in social legislation did not speed up the development of the Co-operative Movement. Between 1905 and 1910 membership rose by 389,000; but the rate of increase fell off to 18 per cent. It began to look as if the limits of rapid growth were being reached. But this was soon to be falsified. Between 1910 and 1915 there was a rise of 723,000, or 28½ per cent; and even if we omit the war year, 1915, the rate of increase over the four years up to 1914 was over 20 per cent. Co-operators complained bitterly of the unfair treatment meted out to their Movement during the first world war; but in fact the membership of the Consumers' Societies increased by 26 per cent between 1914 and 1918, and by 1,240,000, or 38 per cent, between 1915 and 1920. The increase was least in 1918, when food rationing had been introduced and the grievances of the Movement had been partly remedied. It was greatest in 1920, when the post-war inflation was at its height.

Thereafter came the setback of 1921-3, the period of post-war deflation. Between 1920 and 1925 total membership rose by only 406,000, or 9 per cent. There was a recovery in the later 'twenties, and the Movement made even more additional members than it had secured between 1915 and 1920. Total membership rose by 1,492,000, or more than 30 per cent. But the pace slackened with the approach of the depression in 1929-30; and during the five years 1930-5, the period of the great world slump, the accession was only 1,081,000,

or 17 per cent. From 1935 to 1940 membership increased by 1,233,000, or $16\frac{1}{2}$ per cent ($15\frac{1}{2}$ per cent up to 1939). Finally, the second world war brought with it, not a stimulus, but a sharp falling off in the rate of growth, attributable mainly to the calling up of members and the extensive evacuation from certain areas. From 1939 to 1942 the total increase was only 282,000, or a little over 3 per cent.

It is instructive to compare this progress of Consumers' Co-operation with the much more chequered history of Trade Unionism over the same period ; and I have shown the two side by side in the graph on page 385. There are, unfortunately, no figures of total Trade Union membership earlier than 1892, and I have therefore been compelled to use, for the earlier years, the figures for Trade Unions belonging to the Trades Union Congress. These are far from complete ; and accordingly up to 1892 the measure is rather one of rate of change than of rise in total membership.

From the two lines on this graph it can be seen how different the history of the two great working-class movements has been. In the later 'seventies, while Co-operation was growing, Trade Unionism was falling back under stress of the severe depression. In the 'eighties, up to 1889, Trade Unionism grew slowly and Consumers' Co-operation fast. Then Trade Unionism took a sudden spurt, only to fall back somewhat in the early 'nineties and then renew its rapid growth ; whereas Co-operation continued its steady and rapid advance throughout. From 1900 to 1905 Trade Unionism was in the doldrums, reviving after 1905, and then, after a setback in the years of depression, 1908-9, leaping forward during the years of labour unrest just before the first world war and during the war itself and the boom immediately after the war. Over all this period Consumers' Co-operation developed continuously at an increasing pace. With the onset of the post-war slump Trade Unionism fell catastrophically ; and after a short recovery in 1924—the year of the first Labour Government—resumed its fall through the period of the General Strike and the deep depression of the early 'thirties, almost unaffected by the advent of the second Labour Government in 1929. From 1934 began a recovery, which gathered momentum during the second world war. Consumers' Co-operation, on the other hand, after a short setback in the post-war slump, grew rapidly and continuously up to 1939, and then at a very much slower rate after the outbreak of war.

These differences are, of course, natural enough. Trade Unionism is much more favourably affected by booms, and much more unfavourably affected by slumps, than Consumers' Co-operation. When wages fall and unemployment increases, the adverse repercussions on Trade Unionism are very great, whereas they are mitigated for the Consumers' Stores by falling prices and the concentration of a large

part of Co-operative trade on basic necessities of life, for which the demand falls but little even in times of depression. Unemployment and falling wage rates are bad for the Co-operative Movement, as well as for the Trade Unions. They cause a fall in sales ; but they do not as a rule reduce membership unless the slump is very severe. It is, however, remarkable that Co-operative membership went on rising fast through the Great Depression of 1931-3. No doubt, one main cause of this was the rapid expansion of the Co-operative trade in milk and of other special services.

II.—THE DEVELOPMENT OF CO-OPERATIVE TRADE

When we turn from the rise in membership to the record of total trade per member the position is much less satisfactory. Retail sales per member were remarkably stable over the entire period from 1881 to 1914, though that period as a whole is made up of two contrasting periods of falling and rising prices. For successive periods of five years from 1881 to 1914 the average sales were approximately as follows:—

1881-85 .. £28.4	1896-1900 .. £27.9	1906-10 .. £28.7
1886-90 .. £27.1	1901-05 .. £28.9	1910-14 .. £28.7
1891-95 .. £27.7		

The war naturally led to a sharp increase as prices rose ; and from 1916 to 1920 sales averaged £43.4 per member. Thereafter they fell in the post-war slump to the following five-year averages :—

1921-25 .. £39.3	1931-35 .. £29.6	1940-42 .. £34.8
1926-30 .. £35.2	1936-39 .. £30.9	(3 years)

If these figures are considered apart from price changes, they look fairly satisfactory. If, however, they are compared, as in the graph, with the best available figures measuring retail food prices as a whole, a very different impression is conveyed. We then see real trade per head rising during the period of falling retail prices which ended in 1896, and then, after a few years of minor oscillations, falling off sharply from 1901 to 1914. There is nothing surprising about the further fall between 1914 and 1918, as consumers' supplies were considerably cut down during the war. But it is to be observed that neither during the years immediately after the war nor subsequently did sales per member get back to a real level anywhere near that of the years before 1914. There was some recovery in 1919 and 1920, followed by a fall in the slump of 1921, and thereafter a slow rise up to 1929 and 1930, and a larger rise in 1931, when food prices fell sharply at the onset of the great world depression. Then came a resumption of the falling tendency up to 1939, and a further fall on the outbreak of war, with the introduction of limitations on consumers' supplies. The rise in 1942 was probably due mainly to the

high level of income and employment brought about by the war and to the effects of stricter rationing in causing more regular dealing by consumers with the Stores.

CO-OPERATIVE RETAIL SALES PER MEMBER, RELATED TO THE MOVEMENT OF RETAIL FOOD PRICES, 1881-1942

		Sales per Member		Corrected for Change in Retail Food Prices				Sales per Member		Corrected for Change in Retail Food Prices	
		£		(a)	(b)			£		(c)	(d)
1881	..	28.2	..	20.1	—	1914	..	28.8	..	24.7	28.7
1882	..	29.4	..	21.0	—	1915	..	31.4	..	20.7	24.0
1883	..	29.5	..	21.1	—	1916	..	34.6	..	18.6	21.6
1884	..	28.1	..	22.0	—	1917	..	37.5	..	16.3	18.9
1885	..	26.6	..	22.9	—	1918	..	40.3	..	16.1	18.7
1886	..	26.3	..	23.9	—	1919	..	48.1	..	18.9	22.0
1887	..	25.8	..	24.6	—	1920	..	56.4	..	18.9	22.0
1888	..	27.7	..	26.4	—	1921	..	48.1	..	18.1	21.0
1889	..	27.8	..	25.7	—	1922	..	37.5	..	18.3	21.3
1890	..	28.0	..	26.4	—	1923	..	36.2	..	18.4	21.4
1891	..	29.3	..	26.9	—	1924	..	37.2	..	18.8	21.9
1892	..	28.7	..	26.3	27.6	1925	..	37.4	..	18.8	21.9
1893	..	27.3	..	26.5	27.5	1926	..	35.6	..	18.7	21.7
1894	..	26.6	..	26.6	28.0	1927	..	35.8	..	19.3	22.4
1895	..	26.6	..	28.0	28.9	1928	..	35.6	..	19.5	22.7
1896	..	27.0	..	29.7	29.4	1929	..	35.2	..	19.7	22.9
1897	..	27.4	..	28.0	29.1	1930	..	33.9	..	19.7	22.9
1898	..	27.8	..	26.7	28.0	1931	..	31.5	..	20.6	24.0
1899	..	27.9	..	28.7	29.2	1932	..	29.8	..	20.3	23.6
1900	..	29.3	..	29.3	29.3	1933	..	28.5	..	20.4	23.7
1901	..	29.4	..	—	29.3	1934	..	28.7	..	20.2	23.5
1902	..	29.2	..	—	28.9	1935	..	29.4	..	20.2	23.5
1903	..	28.9	..	—	28.1	1936	..	29.9	..	19.8	23.0
1904	..	28.5	..	—	27.8	1937	..	31.1	..	19.3	22.4
1905	..	28.4	..	—	27.6	1938	..	31.3	..	19.1	22.2
1906	..	28.5	..	—	27.9	1939	..	31.5	..	19.2	22.3
1907	..	29.3	..	—	27.9	1940	..	34.3	..	18.0	20.9
1908	..	29.0	..	—	27.0	1941	..	34.4	..	17.7	20.5
1909	..	28.5	..	—	26.5	1942	..	35.8	..	19.1	22.2
1910	..	28.3	..	—	25.9						
1911	..	28.3	..	—	25.9						
1912	..	28.7	..	—	25.1						
1913	..	29.0	..	—	25.2						
1914	..	28.8	..	—	24.7						

(a) Adjusted by Old Board of Trade Retail Food Index (1900 = 100). Based on prices of nine articles in London.

(b) Adjusted by Revised Board of Trade Retail Food Index (1900 = 100). Based on prices of 23 articles in London.

(c) Adjusted by Ministry of Labour Retail Food Index (August, 1914 = 100, transposed to base 1900 = 100). Based on prices in all parts of Great Britain.

(d) Adjusted by the same index as (c), but on base August, 1914 = 100. The figures in (d) are therefore not comparable with those in (a), (b), and (c), but are more reliable for the period from 1914 to 1942.

If the figures cited above are converted into averages of real sales, so as to take account of changes in retail food prices, they look considerably different. For the same periods, they work out approximately as follows :—*

* On the basis of prices in 1900.

1881-85 .. £21.4	1896-1900 .. £29.0	1911-14 .. £25.2
1886-90 .. £25.4	1901-05 .. £28.3	1915 .. £20.7
1891-95 .. £27.8	1906-10 .. £27.0	1916-20 .. £17.4

1921-25 .. £18.5	1931-35 .. £20.3	1940-42 .. £18.3
1926-30 .. £19.4	1936-39 .. £19.3	(3 years)

It will be seen that I have used the data for retail food prices, rather than those for the cost of living as a whole, in making these comparisons. So large a proportion of total Co-operative trade is in foodstuffs that food prices afford a better basis for comparison than the cost of living as a whole. If the cost of living index had been used as a basis for measuring the real value of Co-operative sales, the result would have been considerably less favourable, particularly in the period between the wars. Both in the years between 1881 and 1896 and in the 1930's food prices were falling a good deal faster than most other elements in the cost of living.

I do not, of course, claim exactitude for any of these comparisons ; but I feel sure that the figures as adjusted to the changes in retail food prices give a reasonably correct account of what has occurred. The general trends at any rate are unmistakable. The real volume of Co-operative retail sales per member was rising up to the later 'nineties, and since then has fallen off by at least a third. Moreover, this has happened in face of rising average standards of real income and of an increased range of goods supplied in the Co-operative Stores.

I have said something on this matter in a previous chapter. It is beyond question that one quite important factor in this decrease has been that Co-operative membership has increased faster than the number of mouths it represents, on account partly of smaller families and partly of a growing tendency for more than one member of a household to join the Store. It is also due partly to an increase in the number of "non-purchasing members" carried on the books of Societies which have no adequate arrangements for striking off inactive members, and to the growth of duplicate members belonging to more than one Society. Some indication of the importance of these factors can be got from comparing the total membership of the Stores during the war years with the number of registrations for rationed foods. It has, of course, to be borne in mind that the civilian population, to which alone the registrations apply, has been greatly reduced by recruitment to the Armed Forces, and that the Co-operative Movement, in common with private traders, is affected by this fact. Still, the figures are significant.

GREAT BRITAIN AND NORTHERN IRELAND

(Figures in thousands)

	Total Membership of Retail Societies	Total Sugar Registrations	Total Butter and Margarine Registrations	Total Bacon and Ham Registrations	Total Meat Registrations
1940	8,717	Jan. 13,781 July 13,292	12,170 11,713	11,226 10,714	6,078 6,040
1941	8,773	Jan. 13,240 July 10,753	11,712 10,359	10,863 9,716	6,246 5,916
1942-3	8,925	July 11,126	10,807	10,114	6,037
1943-4	9,021	Jan. 11,628	11,382	10,635	6,295

On the showing of these figures, even if we take only sugar, which gives the highest number of registrations, a Co-operative Store member represents only a consumer and a fraction—substantially less than one and a half. Even after full allowance has been made for the call-ups, this must mean that in a very large number of cases several members of a household belong to the Store. This must, of course, tend to reduce trade per member, by spreading the trade for the average household over a larger fraction of the total membership.

The figures of registrations mean that, in 1944, the Consumers' Co-operative Movement was catering, in respect of certain basic supplies, for rather more than a quarter of the total civilian population. But this, of course, does not mean that it was doing anything like a quarter of the total trade ; for even the most loyal Co-operators had to buy a good many things outside the Co-operative Stores. It has been estimated that just before the war the Co-operative Movement was handling nearly one-quarter of the liquid milk supplies of Great Britain, 27 per cent of the trade in sugar and preserves, about 18 per cent of the remaining grocery trade, about 14 per cent of the coal trade, about 9 per cent of the trade in boots and shoes, about 6½ per cent of the men's and women's clothing trade, and about 3½ per cent of the sales of furniture and hardware. The proportion of Co-operative trade was considerably higher in Scotland than in England or Wales, and much smaller in Wales than in England. Groceries and bread still predominated to a very great extent, accounting in 1936 for £135 millions out of a total retail trade of £234 millions. Foodstuffs in all accounted for £177 millions, the other big items being drapery (£18½ millions) and coal (£11 millions). Dairy products (included in the £177 millions) added up to £18½ millions, and butchery (also included) to £20 millions. The Consumers' Co-operative Movement, regarded purely as a trading concern, was in effect a gigantic grocery, baking, dairying, and meat and coal supplying business, with considerable clothing departments annexed to it, and not a great deal besides. During the war the Co-operative Movement has undoubtedly increased its share in the reduced total of civilian trade. In the main rationed commodities,

except meat, it is now catering for approximately a quarter of the whole civilian population, and in Scotland probably for nearly 40 per cent.

Consideration of these facts leads to the ready discovery of a further reason why Co-operative trade per member shows a tendency to fall. The ordinary working-class household no longer spends nearly so high a proportion of its total income as it used to spend either on foodstuffs or on the range of goods which the Co-operative Movement mainly supplies. The old cost of living index of the Ministry of Labour, based on data originally collected early in the present century, gave food a weighting of $7\frac{1}{2}$ out of $12\frac{1}{2}$ in the composition of its standard budget, as compared with $1\frac{1}{2}$ for clothing, and $1\frac{1}{2}$ for all other items included, except rent, which was separately calculated with a weight of 2. This index does not purport to cover total expenditure, but only selected items; but even so the proportion assigned to food is clearly too high by present-day standards of expenditure. *Colin Clark has estimated that of total personal expenditure in 1935 only 27 per cent was spent on food, and rather more than 10 per cent on clothing. Only $55\frac{1}{2}$ per cent altogether went in ordinary shop purchases, the balance of $44\frac{1}{2}$ per cent being expended on services of various kinds, including rent, which absorbed $9\frac{1}{2}$ per cent. This estimate is for all classes of the community, but that does not invalidate its lessons. Poor people actually spend a much higher proportion of their incomes than rich people upon rent, though they spend less on most other services. Expenditure on food as a proportion of income does not differ greatly from class to class, except that it falls among the really rich.

The bearing of these considerations on the position of the Co-operative Movement is that, on the whole, the Co-operative Stores, despite an expansion in the range of services they provide, are catering for a diminishing proportion of the total national expenditure. This is least the case in those great towns in which the Co-operative Societies have greatly extended the scope of their activities in recent years. It is most of all the case where the Store is still in the main a provision shop, with a few small departments added to it for trade in other goods.

It is not, however, necessarily in the small Societies that the lowest turnover per member is to be found. On the contrary, some of the small Societies show higher figures than many of the largest. A survey made in 1935 actually showed that trade per member was highest in Societies with from 2,000 to 3,000 members and lowest in the big Societies with over 100,000. The variations were not steadily related to size, but the general trend was quite clear. Up to about 3,000 members trade per head tended to rise. Thereafter it tended to fall for Societies up to 8,000, rose a little between 8,000 and 10,000, and then resumed its fall.†

* Article in *People's Year Book*, page 109 (1936).

† See *Consumers' Co-operation in Great Britain*, page 75.

What is the explanation? Clearly it is not that the larger Societies offer a narrower range of services. It is rather that, being in bigger places, they are both more liable to inflate their paper membership and subject to much keener competition from private traders, chain stores, and department stores of every sort. In many of the smaller places, the Co-operative Store is so firmly entrenched as to fear no rivals within its own comparatively narrow range. It secures a high "loyalty" among its members for the goods in which it deals; whereas in larger places there are not only more alternative ways of spending money, including higher rents, but also more non-Co-operative shops to entice the customer away. In these places, many households deal with the Store, not for all the kinds of goods it supplies, but only for a few, or in some cases only for one commodity, such as bread, or milk, or coal. Members who do this are not, of course, real believers in Co-operation: they merely use the Store as a convenience for some particular type of purchase, and have no feeling for it different from that which they entertain towards the profit-making chain or department store, or the private shop round the corner. Indeed, they may entertain more feeling for the private shopkeeper whom they know personally than for the Store, Co-operative or profit-making, at which they do part of their shopping. There is no doubt at all that the great increase of Co-operative membership in recent years has been largely among persons who have not as yet any strong feeling of Co-operative "loyalty" or much understanding of the principles on which Co-operation is supposed to rest.

III.—LARGE AND SMALL SOCIETIES

Have these considerations any bearing on the "optimum" size for a Co-operative Society? Obviously, there can be no one "optimum," irrespective of the nature and population of the area served—unless indeed we are to reach the conclusion that it would after all be better to amalgamate all the thousand and more retail Societies into a single National Society, as was recommended long ago by J. C. Gray.* Before we discuss this question, let us see how the existing Societies are distributed among groups of different sizes. The general distribution is shown, for 1942, on page 382, from which it appears that, of the total membership, about one-fifth are in Societies with over 100,000 members, nearly another fifth in Societies with between 50,000 and 100,000, and more than a fifth in Societies with between 20,000 and 50,000. Thus, over three-fifths of all Co-operators are in largish Societies of over 20,000 members. More than a quarter are in middle-sized Societies with from 5,000 to 20,000 members; 12 per cent are in smallish Societies with from

* See page 260.

1,000 to 5,000; and only $1\frac{1}{2}$ per cent are in the really small Societies, with fewer than 1,000 members, mostly, of course, in quite small places, and often in places fairly isolated from larger centres of population. It will be seen, further, that the largest concentration of membership is in Societies with between 50,000 and 100,000 members, unless we group together all the Societies with over 100,000.

Naturally, the figures for numbers of Societies are very different from this. In 1942, 29 per cent of all Societies had fewer than 1,000 members, 47 per cent fewer than 2,000, and 69 per cent fewer than 5,000. Only 3 per cent of all the Societies had more than 20,000 members. Despite amalgamations, the smallish Societies were still overwhelmingly preponderant in number, though not in aggregate membership. Actually 16 per cent of all Societies were still under the 500 level.

These are global figures for the whole country. They become much more interesting when they are broken up. Apart from Ireland, Societies with fewer than 1,000 members are most numerous, in relation to the total numbers of Societies, in the North-Eastern, North-Western, and Midland Sections of the Co-operative Union—that is, in the old strongholds of the Movement. As we mount up the scale the position changes. Societies with fewer than 5,000 members are relatively most numerous in the South-Western and Scottish Sections, where there are not many very large towns, and small centres of population are many and often isolated. Societies with more than 20,000 are relatively most numerous in the Southern Section—and so on.

If we break up these totals still further we find a clustering of very small Societies in the areas round Leicester, in North Wales, in the Central and North-Eastern Districts of Scotland, and to some extent in Devonshire. Smallish Societies, of from 1,000 to 5,000, are prominent in many parts of the East Midlands, in Durham and Northumberland and Cumberland, in most of the Yorkshire districts, in most parts of Lancashire, in most of Scotland, in Kent, Hampshire, and the Eastern Counties, and in the West. Middle-sized Societies are most in evidence in South Lancashire, and very large Societies in London.

We have seen in an earlier chapter to what an extent Co-operative membership is now concentrated in a small number of very large Societies. The London Society, with its 792,000 members in 1942, is more than twice as large as any other; and next comes another Co-operative Society in London, the Royal Arsenal, with 318,000. Birmingham, with 239,000, stands third, followed by the remaining great London Society, the South Suburban, with 200,000. Only two others exceeded 100,000 in 1942—Liverpool and Leeds—the latter for many years the largest Society in the whole country. Barnsley just failed to reach 100,000 in 1942, but passed that

figure in 1943; and there were six other Societies with over 80,000, four with over 70,000, five with over 60,000, and three more with just under 60,000. These twenty-five Societies had between them considerably more than three million members, out of a total of nearly nine millions.

We can now come back to the question whether these figures throw any light on the "optimum" size for a distributive Society. Take first the problem of the great "conurbations."* The London area is served by three huge Societies, which between them cover the main part of the built-up area. The London Society operates over most of the districts north of the Thames, supplemented by two outlying Societies with headquarters at Enfield (48,000) and Grays (46,000). The area south of the Thames is divided between the Royal Arsenal Society in the east and the South Suburban in the west, with Staines (10,000) still maintaining its separate existence on the fringe. There appears to be no move to amalgamate the three great London Societies, which are the outcome of a mixed process of fusions and extensions into new areas. There is no reason to suppose that an increase in size would add to the efficiency of any of the three, unless indeed they decided to embark on new types of business needing common organisation over the whole London area. If they were to wish to open chain stores on the Woolworth model, or to establish themselves with great departmental premises in Central London,† it might be necessary for the three to act together; but there is no reason to suppose that they would gain by fusion in respect of their present lines of business. Democratic control is difficult enough in them at their present sizes, and is, indeed, nearly impossible in a Society as vast and far-flung as the London Society. It can be argued that in this respect a further increase in area and membership could not make much difference; but this point of view would hardly be accepted by the leaders of either the Royal Arsenal or the South Suburban Society.

The accompanying table on the next page sets out the position of the Co-operative Movement in the other great "conurbations." The comparisons in this table are necessarily very rough, as the areas to be assigned to the conurbations are to some extent arbitrary, and the areas of the districts of the Co-operative Union do not coincide with them. Nevertheless, the picture presented is broadly correct. In the Merseyside, Leeds-Bradford, Sheffield-Barnsley-Doncaster, and Tyneside areas, Co-operative members number roughly a quarter of the total population, whereas the proportions are significantly lower in the other areas. There is a great variation in the numbers of separate

* "Conurbation" is the name given by geographers to any great urbanised area made up of a number of towns and districts which have grown in effect into a single city, e.g., Merseyside or Greater London.

† The London Society has now (1944) acquired central premises near Oxford Circus, a step which may foreshadow further developments of the kind suggested in the text.

Co-operative Societies in the different areas, Tyneside and Leeds-Bradford having the largest number in proportion to population and the smallest average size, whereas Birmingham and Merseyside, like London, are dominated by a few large Societies. In Birmingham, and in the Leeds-Bradford area, as well as in London, the largest Society has more than half the total membership, whereas in South Yorkshire and on Clydeside and Tyneside it has less than a quarter. Average membership, outside London, is highest in the Birmingham area and on Merseyside.

It seems evident that, in a number of these areas, amalgamation would increase efficiency of service. There may be valid reasons for the existence of separate Societies in Sheffield, Doncaster, and Barnsley, which are all in the South Yorkshire area ; but there can hardly be good grounds for the continued separation of the two large Societies in Sheffield (Brightside and Carbrook, with 80,000, and Sheffield and Ecclesall, with 62,500) and the separation of Rotherham (33,000) from Sheffield is also of doubtful expediency. Leeds (129,000) and Bradford (39,000) are notoriously difficult to bring together ; but can there possibly be room for thirty-three separate Societies in the Airedale District to which they belong ? Can it be good for Greater Manchester to be cut up among twenty-three Societies, including, besides Manchester and Salford (90,000), the large Societies of Eccles (37,000), Pendleton (32,000), Beswick (31,000), and Failsworth (24,000), to say nothing of three more with over 10,000 members ? On Clydeside, can it be right for Kinning Park (50,000) to co-exist with St. George's (23,000), Clydebanks (22,000), and five others over 10,000 ? On Tyneside, is it expedient for Newcastle (75,000) to be separate from Gateshead (28,000) and Jarrow (27,000), even if they are in different geographical counties ? Surely there ought to-day to be in each great city a single Society large enough and powerful enough to offer a really complete range of services, and to establish central premises which are fit to stand as the symbol of Co-operative progress in the area as a whole.

CO-OPERATION IN THE GREAT CONURBATIONS

(1942 figures)

Centre	Population (approximate) 000's	Approximate Percentage of Co-operators to Population	Number of Co-operative Societies	Membership of Co-operative Societies 000's	Membership of largest Society 000's	Percentage of Total Membership in largest Society	Average Membership per Society 000's
London Conurbation	9,100	15	10	1,421	792	56	142
Birmingham	2,100	18	10	377	239	63	38
Manchester	1,750	17	23	303	90	30	13
Liverpool	1,350	25	10	336	136	40	34
Leeds-Bradford	1,000	25	33	254	129	51	8
Sheffield	1,750	25	25	441	100	23	18
Tyneside	1,250	25	40	316	75	24	8
Clydeside	1,400	16	22	220	50	23	10

Of course, it has to be taken into account that many of the Societies I have mentioned are exceedingly tenacious of their individual existence, proud of their records, and in some cases kept apart from their neighbours by real differences of policy. There are high-dividend Societies and low-dividend Societies, educational Societies and non-educational Societies, Societies which support the Co-operative or the Labour Party and non-political Societies, Societies which cater for richer and poorer areas. It is easy enough to understand why the progress of amalgamation is slow, even where the case for it seems to be very strong. But, if the Co-operative Movement is to extend its influence, or even to hold its own in face of the changing character of the consuming market, it will have to pay more attention to setting its house in order, for the purpose of offering a wider range of services and making a better propagandist appeal to the public.

No doubt something has been done by federal action between neighbouring Societies to reduce the disadvantages of separateness and the danger of overlapping. Dairying, coal distributing, funeral furnishing, the sale of drugs, baking and laundering, all offer notable examples of such federal action ; and federation is in many areas the line of least resistance and highly efficient within its particular field. It does not, however, meet the case fully ; nor can it do so unless it can be extended to cover the establishment of joint central stores selling goods of types which are also sold by the separate Societies. The great Central Department Store and the Fixed Price Store on the Woolworth model alike demand common action over a wide field ; and the effective extension of Co-operation in poor neighbourhoods is also a matter that is unlikely to be tackled without common action over a large area.

Apart from the great " conurbations," there are in England more than a dozen other towns which are the centres of lesser conurbations with populations in excess of 200,000. How does Co-operation stand in these areas ? The accompanying table, on page 384, shows the approximate population of each of these towns and conurbations, together with the membership of the largest Co-operative Society in each area.

There is again in the table no precise correspondence of areas ; but the figures in the fifth column indicate very broadly the strength in relation to the available market of the largest Society in each area. It will be seen that the range is wide, from 35 per cent of the available total population in Plymouth to only 12 in Southampton. No great significance can be attached to the figures in the final column, as the Districts of the Co-operative Union cover areas bearing very different relations to the various towns. The most significant figures are the high level reached by Co-operative membership in the Plymouth, Derby, and Walsall areas, and the

relatively low levels in Southampton, Bournemouth, Hull, and Nottingham. Leicester's low figure is accounted for by the prevalence of small Societies in the neighbourhood.

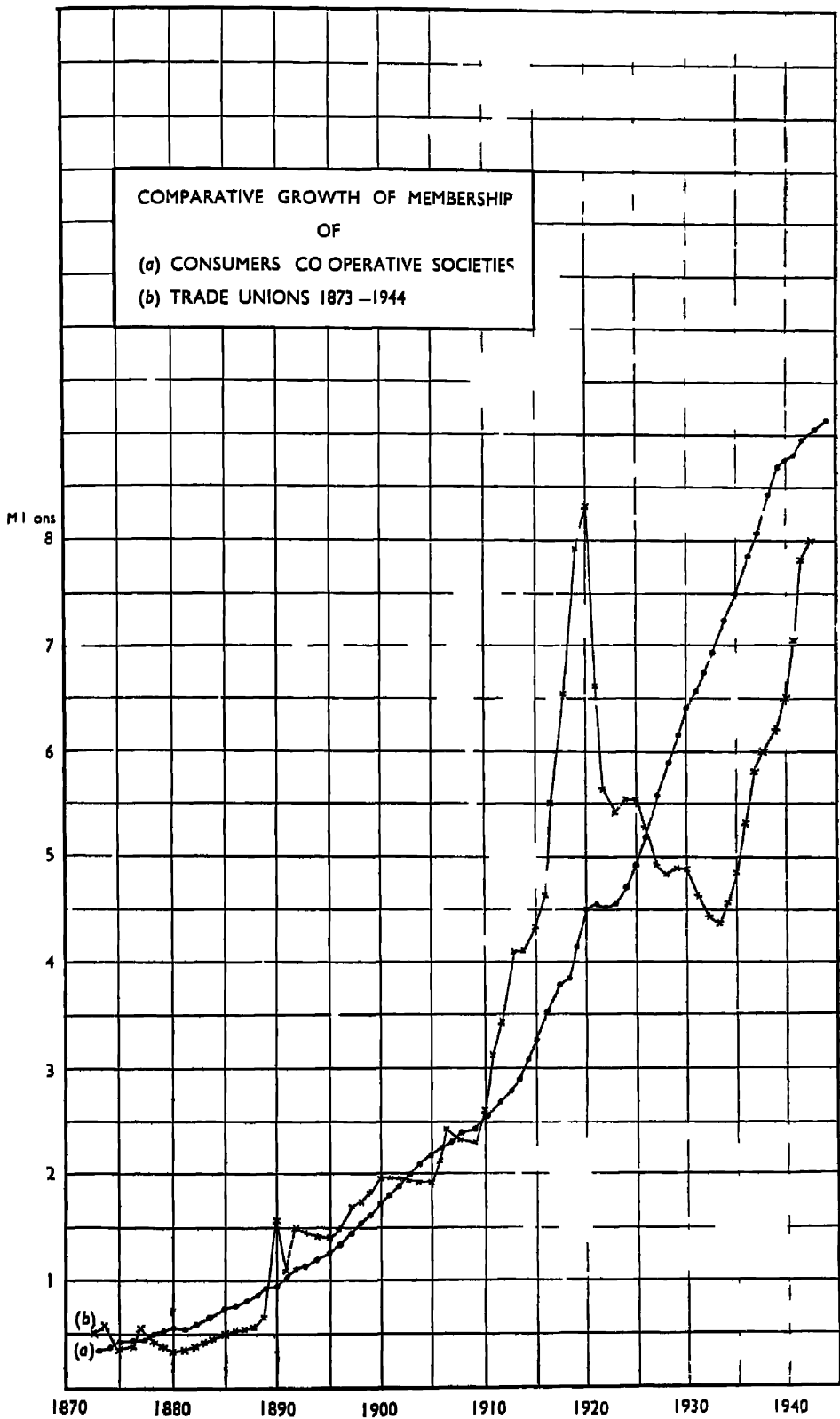
THE CO-OPERATIVE MOVEMENT IN THE LESSER ENGLISH CONURBATIONS

(1942 figures)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Approximate Borough Population 000's	Approximate "Con-urban" Population 000's	Membership of Largest Co-operative Society 000's	Percentage of (3) to (1)	Percentage of (3) to (2)	Number of Societies in Co-operative Union District in which town lies	Total Co-operative Membership in Co-operative Union District in which town lies 000's
Bristol ..	420	500	85	20	17	21	167
Nottingham ..	280	480	73	26	15	13	165
Hull ..	320	420	60	19	14	16	123
Leicester ..	260	400	74	28	18	29	137
Stoke-on-Trent	270	370	62	23	17	16	206
Portsmouth ..	260	360	60	23	17	11	153
Derby ..	140	260	81	58	31	9	165
Coventry ..	220	250	57	26	23	8	116
Southampton ..	180	250	29	16	12	—	included with Portsmouth
Middlesbrough	140	250	49	35	20	12	166
Plymouth ..	225	240	84	37	35	28	160
Brighton ..	150	240	53	35	22	6	66
Walsall ..	110	200	65	59	33	7	146
Bournemouth ..	125	200	27	22	14	—	included with Portsmouth

It seems clear that each of these towns ought to be able to sustain a Co-operative Society representing at least 25 per cent of the available population. When we turn to somewhat smaller towns, we find that there is a very great difference in the position in the various areas. Of course, some Societies serve areas extending a long way beyond the borough limits, whereas in other cases there are a number of Societies within a single town. Thus, the Barnsley Society, which serves many colliery villages, has a membership much larger than the total population of the borough; whereas in Oldham there are two large Societies within the same town. It is not possible in most cases to make any comparison between total population and Co-operative membership over the wider areas for which each town serves as a centre, because the Districts of the Co-operative Union are in most cases too large to serve as a basis. But the thirty-five separate Societies, with 82,000 members in all, in the Huddersfield area and the twenty-eight Societies, with 170,000 members, in the district which includes Bolton, Chorley, Leigh, and Wigan, are outstanding examples of the persistence of localism in the old strongholds of Consumers' Co-operation.

A well-conducted Society in an industrial town of 100,000 inhabitants, with another 50,000 round about in suburbs and neighbouring small centres, ought to be able to maintain a Co-operative membership of 50,000. This level is reached or exceeded not only



in Barnsley, but also in Doncaster, Preston, Lancaster, and Warrington—all areas in which the leading Society has the field more or less to itself. It obviously cannot be reached in Huddersfield or Halifax or Burnley or Rochdale, where small local Societies persist in considerable numbers. The existence of such Societies, doing only a narrow range of trade, must prevent the Societies centred in the larger towns from developing adequately those departments which need to draw on a wide area for customers. If amalgamation is out of the question on grounds of local feeling, is it not practicable to arrange for the larger Societies to serve as centralised emporia for the members of their smaller neighbours, for such goods as require extensive showrooms or the carrying of large and varied stocks of goods? Here, again, federation has, of course, accomplished something, in particular lines; but is there not also a case for affiliation of the smaller Stores to the larger, so as to allow dividends through their own Societies to those who purchase goods through the larger Stores? Only in some such way, if complete amalgamations affecting hundreds of Societies are for the present out of the question, can the Co-operative Movement hope to raise itself in other lines of retail trade to a position comparable with that which it holds in the grocery trade and in the supply of milk and coal.

IV.—DEMOCRATIC CONTROL

The question about the right size for a Consumers' Co-operative Society cannot, however, be answered exclusively in terms of efficiency of service. There is also the matter of democratic control. It is often argued that the small Society can be democratically controlled by its members to an extent that is impossible in the case of the large Society, and that this is a valid reason against taking active steps to bring about the fusion of the existing Societies into larger units, or into an all-inclusive National Society. How much force is there behind this argument? It is undoubtedly true that in the early days of the Movement, when most Societies consisted of a few tens or at most a few hundreds, direct democracy was possible, and was practised, in a very high degree. Those were the days of members acting by turns as voluntary salesmen, and of a high proportion of them serving at some time on the Management Committee or in some office connected with the Store. But this phase soon passed as the Movement grew beyond its original primitiveness of organisation and had to introduce professional buyers, managers, salesmen, accountants, and other trained officers and servants. When a Society had grown to a few thousands, instead of hundreds, it had in practically all cases also reached a point at which a high proportion of its members were little more than customers and neither played nor wished to play any active part in the management. There was still a large element of democracy; but it had come to be the democracy

of an actively interested minority, rather than of the membership as a whole.

The next stage was reached when many Societies began to achieve both a size at which it was no longer possible, even in theory, to crowd all their members into a single hall and a geographical spread which made it difficult for the outlying members to attend meetings at a central place. With this came the growth of branches and the problem of the powers to be given to members dealing at a particular branch to have a share in the conduct of its affairs. In practice, the difficulty about halls was seldom serious; for it was usually possible for the large Societies to find halls, or to build for themselves halls, which would easily accommodate all who wished to attend their meetings. The difficulty about outlying members was more real, and led to the growth of branch members' meetings and of branch committees with widely varying functions and powers, and presently, in the very large Leeds Society, to the device of simultaneous, or serial, area meetings at which the same resolutions were put forward, the decision being reached by adding up all the votes cast at all the meetings and carrying the resolutions, or rejecting them, at a final central meeting at which these votes were added to those cast at the final meeting itself. This device of sectional meetings with the adding together of the votes cast has also been used, of course, by the Co-operative Wholesale Society in order to meet the difficulties involved in delegates from Societies all over the country travelling to a single central place.

This device has been described by Mr. and Mrs. Webb, in their book on *The Consumers' Co-operative Movement*, as a notable invention of Co-operation in the sphere of democratic representative method. It does, indeed, appear to have worked reasonably well; but it has evident limitations. It involves a certain inflexibility of procedure, which prevents the form of decisions from being influenced by common-sense suggestions for compromise worked out in the course of a discussion. It means that voters can decide only between pre-arranged alternatives, or for or against particular proposals, and that they cannot use their deliberations for the practical purpose of arriving at "the sense of the meeting." It is, nevertheless, probably the best available way of retaining the principle of "One Man, One Vote" in the ultimate control of large Societies, and it might have to be introduced over a much wider field if a higher proportion of Co-operative members were to manifest any desire to attend meetings or to make their influence felt in the determination of Co-operative policy.

The Leeds Society and others, besides this device of the sectional meeting, have made large use of local committees and of chosen delegates from these committees coming together to consider, from their local standpoint, the affairs of the Society as a whole. This

results, in effect, in the creation of something in the nature of an officially recognised "Vigilance Committee" to watch the proceedings of the Management Committee and of the salaried managers, and to articulate local or special grievances or put forward proposals for more effective development of the Society's business and propaganda. Wherever a Society extends over a wide area, there is everything to be said for the practice of regular branch meetings and for the appointment of branch delegates to carry the views of the branch both to the centre and to other branches. It is sometimes urged that these devices of democracy have in practice the effect of allowing small minorities which trouble to attend branch meetings too much influence, and too much power to make themselves a nuisance to those who manage the Society's affairs. But branch meetings are less likely to become the prey of minority groups than central meetings of members who are scattered over wide areas; and those who advance this objection really mean that it is easier for the Management Committee to "manage" an unrepresentative central meeting than a number of local meetings spread over the area covered by the Society. It is no doubt highly desirable to prevent interested minority groups from running the Society. But this applies to central cliques fully as much as to opposition groups; and the right remedy is to get many more of the members actively interested in the conduct of the Society's affairs.

Admittedly, this is not easy; for Co-operative meetings are usually not very interesting, unless there is something special afoot. This, however, is not peculiar to the Co-operative Movement, though it is often spoken of as if it were. Trade Unions find it hardly less difficult to get a good attendance at their meetings; and practically every large voluntary body has the same experience to record. Most people who join a movement do not thereby commit themselves to play an active part in the day-to-day running of it, though they reserve a right to attend and vote when a topic interests them. The amount of the dividend is inevitably the most interesting issue for most members unless there is something very special under debate; and a threat to reduce the dividend has long been known as the thing most likely to bring out a large attendance at a Quarterly Meeting. This is sometimes made a reproach to the Movement; but what else is to be expected? Most Co-operators do not regard themselves as experts in the matter of running a Store; and issues, apart from the dividend, which are of a nature to arouse widespread interest are few and far between.

It is not in the nature of the case that the ordinary meetings of most Co-operative Societies can attract a high attendance—high, that is, in relation to total membership. This applies almost as much to middle-sized Societies as to large Societies, and it applies in fact to a good many quite small Societies as well. The case for keeping

Co-operative Societies from growing very large—that is, the case against amalgamation over large areas—cannot rest on the number of persons who attend meetings in Societies of different sizes. As far as there is a case, it rests rather on the desirability of a coincidence between the Co-operative Store area and the area of the local civic community to which the members feel themselves to belong. When a town or a large village possesses a keen sense of local patriotism and community, it is not unnatural for it to desire to possess a local Co-operative Society of its own. This lies behind the extreme tenacity of the local Societies in the Lancashire and Yorkshire towns and large factory villages and in some of the mining villages. The people of these places are conscious of forming local communities ; and they like their Co-operative Society to be part of the local society and not a mere section of a body extending over a number of local communities and centred in one which, they feel, is not their own. Exactly the same sentiment opposes the fusion of local government agencies into larger units capable of giving more efficient service ; and it is foolish to dismiss this strong local sentiment as a matter of no account.

The question is whether local claims cannot be met without forfeiting the advantages of common service over wider areas. One big factor would be a recognition of the right of the local Society to retain its name, even if it became in effect a unit in a larger combination. A local Society closely integrated with others does not feel the same as a mere branch, even if there is not in fact much difference in powers and functions. Of course, the retention of the name implies a retention therewith of local machinery—of some sort of local committee and local members' meeting (either as an independent meeting or as a sectional meeting voting together with meetings elsewhere in deciding on matters of policy) and probably of the power to elect local delegates to represent the views of the locality to those responsible for central or federal management. It seems as if the Consumers' Co-operative Movement needs, as other movements have needed, to devise a halfway method between mere federation and complete amalgamation, so as to provide effectively for common services over wide areas without destroying the individuality of Co-operative organisation within the local communities. Something on the lines of the suggestions put forward recently for the constitution of District Societies to supplement local agencies more fully than they can be supplemented by mere *ad hoc* federation would seem to be the obvious first step towards this process of adapting local Co-operative structure to modern conditions of efficient retail supply.

The view that cannot be sustained is that Societies of 10,000 members are necessarily more democratic than Societies of 100,000, or Societies of 10,000 less so than Societies of 5,000 or fewer. As

soon as a Society grows beyond the limits of simple direct democracy, it has, in order to avoid bureaucratic control, to adopt special devices for ensuring the active participation of a sufficient number of its members in its affairs. These devices will, of course, differ as between Societies of a few thousands or tens of thousands and Societies of 50,000 or 100,000, or even several hundred thousand members. But it by no means follows, given the right methods, that the larger the Society the smaller the reality of its democratic control will be. By the encouragement of branch meetings, with the right to pass resolutions and to elect branch delegates to meet with the delegates of other branches ; by sectional meetings and the adding up of the votes cast at them ; by effective publicity, and by active encouragement to educational and Guild work, the large Society can create among its members fully as much real democracy as can exist in a Society not more than a fraction of its size. It must, however, be agreed that democracy will not exist automatically in Societies of any size. It is a perpetual danger for Co-operative Societies, as for many other voluntary bodies, that their affairs may fall into the hands of small cliques with little or no participation in the control of policy by the main body of members.

V.—REGIONAL STRENGTH AND WEAKNESS

Over Great Britain as a whole, about one in five of the entire population is a member of a Co-operative Store. But the strength of the Movement differs considerably from one part of Great Britain to another. In Wales, where Co-operation is notoriously weak, the proportion is only about one in ten, whereas Scotland is a fraction above the average proportion for Great Britain as a whole. In the accompanying table I have done what I can to set out the position for the main regions. This is not easy, because the Sections of the Co-operative Union do not coincide with the regions used by other bodies, and the Districts into which the Sections are broken up often cut across local government frontiers. I have done my best to adjust the figures to a county basis, except where, in the London area and in one or two other cases, a great "conurbation" cuts across county frontiers. The comparison cannot be exact, both because Co-operative Societies do not stop at administrative boundaries and because, in the absence of up-to-date figures, the populations assigned to the various regions are no more than approximate.

The comparison, is however, good enough for practical purposes. It shows the Northern Counties, with their large mining populations and their concentration on the heavy industries, as having the highest level of Co-operative membership—about 29 per cent of total population. Next come the ancient centres of the Movement in Lancashire, Yorkshire, and the East Midlands—all about 25

per cent. Scotland and the West Midlands just better the national average, and the remaining regions are well below it. The South-West comes out relatively well, thanks to the large Societies at Plymouth and Bristol. The South and East, including London, range from 14 to 16 per cent. Gloucester (shorn of Bristol) and Hereford are lowest in England, but ahead of Wales, where the industrial south is actually a little behind the predominantly rural Centre and North. South Wales, where the largest Store (Cardiff, 20,000) has been taken over by the C.W.S., is in fact the greatest Co-operative "desert" in Great Britain. In all South Wales there are but two Societies, apart from Cardiff, with more than 10,000 members, and only fourteen others exceeding 5,000. The isolation of the mining valleys has something to do with this ; but it by no means accounts for the weakness of the entire Movement. Nor can this weakness be attributed mainly to the long depression which South Wales has endured, though that has aggravated the position. Co-operation started late in South Wales, and has never been strong. Chapel jealousies have been one factor in keeping it weak, as they have held back social action on a community basis in many other fields.

PROPORTION OF CO-OPERATORS TO TOTAL POPULATION IN DIFFERENT AREAS, 1942

	Approximate Popula- tion Thousands	Co-opera- tive Store Member- ship Thousands	Propor- tion of Co- operators to Popu- lation Per cent	Area Included
SOUTH				
Greater London ..	9,000	1,420	16	Greater London, including parts of counties marked *.
South-East	4,750	670	14	Surrey*, Kent*, Sussex, Hants, Oxon, Bucks, Herts,* Beds.
East	1,700	260	15	Norfolk, Suffolk, Cambs, Huntingdon, Essex*.
WEST				
South-West	2,500	440	18	Cornwall, Devon, Somerset with Bristol, Wilts, Dorset.
Western	520	65	12	Glos, Hereford.
MIDLANDS				
West Midlands ..	3,645	755	21	Warwick, Worcester, Salop, Staffs (including N. Staffs).
East Midlands ..	3,120	765	25	Notts, Derby, Leicester, Rutland, Northants, Lincoln.
NORTH-WEST				
Lancashire and Cheshire	5,900	1,470	25	Lancashire, Cheshire.
YORKSHIRE				
Yorkshire	4,350	1,065	25	Yorkshire (all Ridings).
NORTH				
Northern Counties ..	2,200	640	29	Northumberland, Durham, Cumberland, Westmorland.
WALES				
S. Wales and Monmouth	2,000	205	10	Brecon, Carmarthen, Glamorgan, Monmouth, Pembroke.
Mid. and North Wales ..	600	65	11	Rest of Wales.
SCOTLAND				
Scotland	5,000	1,035	21	All Scotland.

NOTE.—The Co-operative figures do not fully correspond to the Sections of the Co-operative Union. They have been adjusted to county areas (e.g., N. Staffs has been transferred to the W. Midlands, and Wales transferred from the Western and North-Western Sections). The overall proportion of Co-operative Store membership to population is about 20 per cent.

Apart from Wales, the regions shown in the table are necessarily too large to show the Co-operative "deserts," which are mainly in rural areas of relatively sparse population, or in middle-class suburbs and health resorts. London, so long a "desert," no longer is so, since the creation of the unified London Society north of the Thames and the rapid spread of the Royal Arsenal and South Suburban Societies south of the river. Central London, however, as the great shopping centre for the suburban middle classes, the upper classes, and visitors from everywhere, is still in the main "desert" from the Co-operative point of view; and in many of the wealthier suburbs the Movement is still notably weak.

VI.—CO-OPERATIVE EDUCATION

One in five of the total population of all ages is a member of a Co-operative Store. But how many of the nine million Co-operative Store members are to be regarded as Co-operators in more than a trading sense? The Women's Guilds, which have done magnificent work in Co-operative education of their supporters, have enrolled only a tiny fraction of the housewives who shop at the Stores. In 1942 the English Women's Guild had 50,627 members, and the Scottish Women's Guild 24,300—proportionately a much higher figure. The English and Scottish Men's Guilds and the National Guild of Co-operators are all quite small. Co-operative classes organised under the Co-operative Union in 1938-9 numbered only 345 in non-technical subjects, with 6,789 students, and 1,341 in technical subjects (for employees), with 23,285 students; and there has been a sharp fall since the outbreak of war. Of course, in addition to this, many classes were organised by local Societies in conjunction with the Workers' Educational Association, or in some areas the National Council of Labour Colleges, or, as in the Royal Arsenal Society and several other Societies, in conjunction with the Local Education Authorities; and there was also work on a considerable scale among young Co-operators, including special technical classes for apprentices. The statistics issued by the Co-operative Union cover only classes and courses organised directly under its auspices, and therefore under-estimate the total educational activity of the Movement; but it is a notable fact that Co-operative class-work seems to have been less well maintained under war conditions than most other types of adult education. A part of the recent fall in the total number of students registered in classes under the Co-operative Union is due to the transfer of youth activities from the Educational to the Youth Department of the Union. This accounts, for example, for an apparent fall of 5,000 in the number of students in junior classes in Co-operation;* and in fact many of these students are now enrolled in groups of Pathfinders under the

* In 1938-9 there were 1,280 classes for juniors with 39,217 students.

Co-operative Youth organisation. No similar explanation, however, can be offered of the general reduction in the numbers of students taking classes in social, as distinct from technical, subjects. War conditions doubtless account for a good deal of this reduction; but even the pre-war figures showed up very badly against the total membership of the Movement and the recognition of education as one of the essential "Rochdale principles." No doubt a better showing would be made if these figures included students in all classes receiving aid from the local Societies, but the record would still be unsatisfactory, though a few Societies would come out well.

Nor does the Co-operative Movement show up well in terms of expenditure on educational services. In 1942 the Distributive Societies allocated in all nearly a quarter of a million pounds to educational work; but, whereas the Rochdale Pioneers in the early days regarded $2\frac{1}{2}$ per cent of their surplus as a reasonable allowance for education, the present grants are, on the average, not much in excess of $\frac{1}{2}$ per cent, and the amount spent on education works out at no more than $6\frac{1}{2}$ d. per member for the year. Individual Societies, of course, differ greatly in this respect; and there are some Societies which take their educational responsibilities very seriously, and are entitled to high praise. But the average level of activity is regrettably low. There are also large regional differences. In 1942 the amounts spent per member ranged from 9d. in the small Irish Section and $8\frac{1}{2}$ d. in the North-Western Section to but 3d. in the Northern Section and only a little more in the Western. The Midland and Scottish Sections averaged $7\frac{1}{2}$ d., the South-Western nearly 7d., the Southern $6\frac{1}{2}$ d., and the Yorkshire Section under $4\frac{1}{2}$ d. In terms of proportion of surplus devoted to education only the Southern Section exceeded 1 per cent, and the Yorkshire and Western Sections averaged only $\frac{1}{4}$ of 1 per cent.

It has, moreover, to be borne in mind that these allocations have to cover educational expenditure in the very broadest sense, including not only the technical training of employees but also most of the Movement's expenditure on propaganda and social meetings. Administration absorbs a large part of it; for the Movement's democratic educational machinery is costly to maintain. The cost of the Co-operative College, which had in 1942-3 a total of thirty-three students taking full courses, and 169 taking the special short courses instituted during the war, is met directly by the Co-operative Union, and therefore does not come out of the sums voted for education by the local Societies, save to the extent to which these provide scholarships out of local funds. There is at present* a plan to build a new Co-operative College at a cost of £250,000 capital outlay, if the required sum can be raised by means of a special appeal for a yearly levy of 1d. per member for a period of seven years.

* In 1944—the Centenary year

VII.—THE PRODUCERS' SOCIETIES

This chapter has dealt so far entirely with Consumers' Co-operation, which, in Great Britain, dwarfs the Producers' Co-operative Movement in all its forms. The Producers' Societies federated in the Co-operative Productive Federation, which represents the industrial side of the Movement, numbered forty-one just before the outbreak of war, with an aggregate membership of no more than 14,514 and a share and loan capital of just under £1 million. They employed rather more than 8,000 workers, and their combined sales were rather under £3 millions, showing in 1938 a surplus of about £120,000. In general, the growth of the Producers' Movement in recent years has been slow. The number of employees has risen gradually from 5,200 in 1923 to 8,200 in 1938 ; but total membership has remained nearly unaltered, and the number of Societies has fallen from forty-four in 1923 to forty-one in 1938. Total capital has risen, only to fall again, owing to the lapsing of certain Societies. Total sales, on the other hand, have risen fairly steadily, little affected by price changes from year to year.

Of the Societies affiliated to the C.P.F. in 1939, fifteen made boots and shoes, and ten other kinds of clothing. The printing and kindred trades accounted for another twelve, leaving only four for all other branches of manufacture. A substantial part of the membership is made up, not of employees or individual supporters, but of retail Co-operative Societies which have invested large or small sums in the Producers' Societies. Thus, in thirty-seven of the forty-one Producers' Societies, retail Stores accounted for 3,485 members, employees for 5,773, and other persons and bodies, including retired employees, for 4,960. Retail Consumers' Societies also held about one-third of the total share capital of the Movement, as against about 29 per cent held by employees, and 37 per cent held by other persons or bodies. Control is shared in varying ways in the different Societies between the employees and the outside shareholders, and there are a substantial number of employees who are not shareholding members. Thus, in the clothing factories in 1938, employees numbered 5,019, including juveniles, and employee-shareholders 3,550 ; in the boot factories the corresponding numbers were 1,881 and 1,461 ; in the printing establishments 562 and 465 ; and in the miscellaneous factories 522 and 297. The boot and printing Societies thus made an excellent showing in this respect. The average earnings in 1938 were £110, the average being brought down by the clothing factories, which employ a high proportion of women and girls. It was £131 in the boot factories and £155. 10s. in the printing establishments. A very large proportion of the total output is marketed through the retail Stores. In 1938 the clothing Societies sold goods worth £1,624,000 to

Co-operative Societies, and only £37,000 elsewhere ; the boot Societies' figures were £617,000 and £89,000 ; and the printing Societies' £104,000 and £106,000—the latter largely to Trade Unions and other working-class bodies. In all, about 87 per cent of total sales were made inside the Co-operative Movement. In normal times, the Producers' Societies carry on some export trade to Co-operative Societies abroad ; but they compete only to a negligible extent in the ordinary capitalist market.

In 1938, out of an aggregate surplus of £115,000, the Societies for which particulars are available allocated £34,000 as " bonus to labour," £5,500 as return on capital additional to standard interest (in most cases at 5 per cent), £52,000 as dividend on purchases to their customers, £2,600 for education, and £2,700 for charity—the remainder going mainly to reserves. Thus, dividend on purchases absorbed nearly half the surplus—substantially more than the " bonus to labour "—a significant sign of the intimate connections between the Producers' Societies and the Consumers' Movement.

In effect, Industrial Co-operation among producers exists in Great Britain only as an adjunct to the Consumers' Movement, on which it entirely depends. Its range is narrow, and the trades in which it has established itself are among those which have a high ratio of labour cost to total cost—in other words, do not require very expensive capital installations or materials of which the cost is high in relation to the value added by manufacture. The goods made are mainly of kinds for which there is a regular demand in the Stores ; and as these are also goods of which production is undertaken by the Wholesale Societies, and also to some extent by the retail Societies themselves, there is necessarily some competition between the two methods of organising manufacture. In 1938 the C.W.S. alone produced boots and shoes of well over twice the value of the Producers' Societies' products, and clothing of comparable types of approximately the same value. The C.W.S. Printing Works turned out six times the value of the work done by the Producers' Printing Societies ; and the Co-operative Printing Society, which is in effect a federation of Consumers' Societies and is not connected with the Co-operative Productive Federation, had sales nearly half as large as all the Producers' Societies together. The Co-operative Press, which is also a federal body, had naturally a still larger turnover, accounted for by the big circulation of *Reynolds' News* and the *Co-operative News*. In fact, the Producers' Societies are all small, and would probably change their character if they grew big, because the need for large capitals would practically convert them into federal Societies owned by the Consumers' Movement. Such conversions have happened in the past ; and, as we have seen, a number of Producers' Societies have been taken over entirely by the Wholesales, sometimes after a transitional period during

which they had become virtually federal Societies under the ownership of a number of Stores.

This does not mean that the Producers' Societies are likely to die out. Many of them, within their limited field, appear to be quite stable and fully efficient in standing up to the competition of the Co-operative establishments under consumers' control. This, however, applies mainly to goods which need a high proportion of skilled labour. The Producers' Societies are not suited to mass-production of cheap lines, as they attract a type of labour keenly interested in craftsmanship and inimical to the discipline of the large factory turning out highly standardised products. This factor limits expansion, and tends to foster the development of increased Co-operative Production rather by the Wholesale Societies than by the producer groups.

VIII.—THE WHOLESALES AND PRODUCTION

I have used pre-war figures in describing the activities of the Producers' Societies because their output has naturally been affected by war conditions; and I shall take the same course in dealing with the output of the Wholesale Societies. In 1938 the English C.W.S. had 192 factories and workshops, in which it produced or processed goods to a total value of nearly £47 millions and employed over 48,000 workers. Flour-milling and its ancillary processes accounted for nearly a quarter of this total value, but employed only 1,700 workers. The remaining branches of output for which the value exceeded or approached £500,000 are set out in the following table, together with the parallel figures for the S.C.W.S. and a statement, for 1942, of the output of the two main groups of federal Societies, the bakeries and the laundries.

These totals obviously represent very different proportions of Co-operative Production, according to the amount of processing involved in each case. On the face of the matter, it would appear that 2,106 employees engaged in flour-milling produced a value of £12,693,000, or £6,000 per head, whereas 5,745 employed in making boots and shoes and in currying produced only £2,060,000, or about £360 per head. The difference arises, of course, from the two facts that much more work is done upon the leather in making footwear than upon the grain in making flour, and that flour-milling machinery is much more expensive than the machinery used in boot-making. The really Co-operative element in Co-operative Production is much smaller than the sale value of the final products, because most of the materials are not Co-operatively produced.

In 1938 the C.W.S. total sales amounted to £125 millions, and those of the S.C.W.S. to over £27 millions. These totals represented 56.7 per cent and 53.8 per cent of the value, at retail prices,

of the trade of the Distributive Societies. The C.W.S. employed 59,400 workers, and the S.C.W.S. 14,200, and the Joint Wholesale Society maintained by the two bodies nearly 2,000. The total number of employees of the Wholesales was thus about 75,000, of whom about 63,000 were in productive and service departments and about 12,000 in distributive departments. The local Stores in the same year employed about 240,000, of whom about 44,400 were in productive and service departments and the rest engaged in distribution, including transport. Wages paid in the productive and service departments averaged £130. 10s. in the Wholesale Societies and £148. 10s. in the Retail Societies. For distributive departments the corresponding averages were £173. 10s. and £133. 3s. The value of production as a percentage of wholesale sales was 37.5 per cent for the C.W.S. and 28.7 for the S.C.W.S., or 36 per cent for both together. Thus, a little more than one-third of the goods sold by the Wholesale Societies had been through some stage of Co-operative manufacture in their factories. The products and services, other than distributive services, made and rendered by the retail Societies were valued at £42 millions in 1938, and thus represented a very considerable addition to the output of the Wholesale Societies. It is not possible to give a separate figure for the production of federal retail Societies, as some Societies added this into their own retail sales, whereas others did not.

CO-OPERATIVE PRODUCTION BY WHOLESALE AND FEDERAL SOCIETIES. PRINCIPAL PRODUCTS ONLY

1938	No. of Works	C.W.S. No. of Workers	Value of Products	No. of Works	S.C.W.S. No. of Workers	Value of Products
			£000			£000
Flour and Meal	8	1,718	9,123	5	410	2,182
Butter	3	262	2,929	—	—	—
Building and Engineering ..	10	4,595	3,305	4	1,154	873
Soap, Candles, Starch, etc. ..	3	1,831	2,406	1	312	397
Drysalting and Packed Goods ..	5	1,612	2,191	—	—	—
Boots, Shoes, and Currying ..	10	4,851	1,795	1	956	402
Provender and Cattle Foods ..	5	575	1,452	—	—	—
Preserves, Peels, Pickles, etc. ..	5	2,166	1,879	5	712	746
Lard	2	90	1,276	—	—	—
Tobacco, Cigars, and Cigarettes ..	1	662	1,406	1	332	870
Margarine	1	952	1,267	1	132	344
Bacon	5	420	1,556	1	47	183
Clothing and Furs	10	4,570	1,262	7	1,252	241
Printing, Bookbinding, etc. ..	6	3,718	1,318	2	926	499
Felmongery, etc.	11	322	581	—	—	—
Biscuits and Cakes	2	1,690	828	—	—	—
Food Canning	1	771	815	—	—	—
Abattoirs	3	65	762	—	—	—
Furniture	6	2,191	846	1	349	150
Shirts and Overalls	5	2,204	656	2	396	74
Hosiery and Knitwear	1	1,744	585	2	232	86
Cotton Weaving	4	987	440	—	—	—
Jr. E. & S. C.W.S., 1938						
Tea	—	—	8,762	—	—	—
FEDERAL SOCIETIES, 1942						
	Societies	Workers	Sales	Societies	Workers	Sales
Baking	12	736	818	4	1,852	1,837
Laundries, etc.	17	9,828	1,120	S.C.W.S.	577	80

Obviously, the total value of all Co-operatively produced goods is quite small in comparison with the output of British manufacturing industry as a whole. In 1935, at the most recent Census of Production, the *net* output of factory trades, after elimination of duplicate values of goods at successive stages of manufacture, amounted to £1,151 millions at factory prices, and that of the non-factory trades, such as building and mining, included in the Census to another £425 millions. As against this, the *gross* output, including materials, of the Co-operative Movement in 1938 was under £90 millions, concentrated mainly in a quite small group of industries.

It is, no doubt, possible for the Co-operative Movement to expand its production further along the existing lines. It cannot, however, easily embark upon those industries for whose products it cannot look for an adequate market within the retail Societies ; nor can it easily invade those branches of production which are heavily protected by patent rights. These limitations are, in practice, much greater than they may appear at first sight. Even if there is a large Co-operative market for, say, woollen goods, this market is not uniform, but demands a wide variety of qualities and styles ; and it may be much too small to make economically advantageous the Co-operative Production of more than a small fraction of the total quantity sold in the Stores. Again, it may be possible economically to weave or knit certain goods in Co-operative factories, but not to produce the yarn ; and, owing to patents or the large scale of production necessary for efficiency, it may be out of the question to manufacture such things as rayon or other chemical products. The entire range of industries producing capital goods is, with only a few exceptions, closed to Co-operative Production ; and so, for different reasons, is the manufacture of luxury products. A self-denying ordinance has prevented the Co-operative Movement from producing or dealing in spirits or beer ; and it has hitherto taken but a small part in the growing industries of hotel- and restaurant-keeping and entertainment. As I write, the Movement has just, through a new agency, the People's Entertainment Society, acquired at Huddersfield, its first theatre ; and fewer than a dozen Societies have yet invaded the cinema trade, where the Movement would have to meet very powerful monopolistic opposition to any large-scale attempt. Many of the big Co-operative Stores have their own cafés and restaurants ; but there are only two Co-operative public-houses in the whole of Great Britain and, as far as I know, not one Co-operative hotel.* Moreover, as we have seen, the Movement has not yet made up its mind to embark on the type of trade done by Woolworths, or even by Marks & Spencer ; nor is it equipped with real department stores in more than a very limited number of centres.

* As I revise the text, it is announced that the Oxford Society has bought an hotel.

Possibly the Movement is on the eve of great new departures in some of these fields. It possesses abundant capital, and can easily get more when it is wanted.* Lack of capital is not the obstacle to productive growth ; what holds the Movement back is the difficulty of advance from relatively safe fields of enterprise into others in which the competition is hotter and the market much less secure. Consumers' needs in groceries and in most of the other goods in which the Movement has built up an extensive trade change but slowly, and there is no need to produce a vast variety of wares or to change styles and types rapidly in response to, or anticipation of, shifting fashions. The Co-operative Movement is on the whole a conservative respondent to known needs, and not an innovator ; but as consumers' demands become more varied and alter more often this becomes an increasing obstacle to rapid Co-operative growth in the sphere of manufacture and service. In order to adapt itself to the conditions of shifting markets, Co-operation would have to alter its methods substantially—to pay more for management, to bring in outside experts much more freely, and to spend much more on scientific research and on industrial design. Its structure hampers it in these respects. Its committee men are apt to be reluctant to pay commercial salaries which far exceed the earnings of those whom they represent ; Co-operative employment is largely isolated from other forms of employment, and promotion takes place largely within the closed circle of Co-operative employees ; and, to put the matter bluntly, the Co-operative Movement ranks high neither in its appreciation of scientific research nor in aesthetic qualities. It has a high and deserved reputation for producing and dealing in reliable goods free from shoddiness or adulteration ; but it is not gifted with much imagination—a quality which it has needed much less than solid common sense in building itself up to its present status as the greatest representative organisation of the consuming public.

IX.—THE NEXT STEPS

As I write, the Co-operative Movement is awaiting the Report of a special Reorganisation Committee which was appointed in 1942, with a wide mandate to consider the changes needed in order to adapt Co-operative methods and organisation to the requirements of the post-war world. The Reorganisation Committee presented an Interim Report to the 1943 Congress ; but this contained no recommendations and was merely a summary of the inquiries in hand. On the one side, it is being urged that the entire Movement

* The Movement has, of course, to reckon with the possibility of considerable withdrawals of share capital after the war, when consumers' goods become more plentiful and members use war-time savings to replenish their stocks of furniture, household goods, and clothing. It seems unlikely, however, that the Societies will be unable speedily to make good these withdrawals out of fresh savings, or that they will be large enough to impede development. There is a good deal of surplus Co-operative capital invested outside the Movement that can be brought into play.

should be combined under the auspices of a single central body, bringing together the retail Societies, the Wholesales, the Productive Societies, the Co-operative Union, the Co-operative Party, and the Guilds under a single direction ; and the proposal to fuse all the local Societies into a single National Society is being revived. The amalgamation of the English and Scottish Wholesale Societies is part of the scheme ; and the directors of the S.C.W.S. have already declared themselves in favour of this step, as part of a wider plan of reorganisation. On the other side, it is argued that such ambitious projects stand no chance of realisation ; that the local Societies, which are separate legal entities, will not consent to give up their independence ; and that the most that can be achieved at present is the securing of greater collaboration between the local Societies in the provision of common services on a district basis, with perhaps an extension of the activities of the C.W.S. Retail Society over a wider field. These questions would have been debated at the Co-operative Congress of 1944—the Centenary Congress—before this volume could reach the hands of the public had not international events caused the Congress to be abandoned ; and it would be premature to say more about them now than that, in one way or another, the Co-operative Movement must so strengthen its organisation as to overcome the handicaps of excessive localism, and to introduce more imagination and adventurousness into its policy in both trading and production. Unless it does these things, even expanding membership will not save it from losing ground ; for its members will spend an ever-diminishing fraction of their incomes at the Co-operative Stores.

These are urgent problems for Co-operators, who, if they wish to see an approach to the “Co-operative Commonwealth,” must see to it that Co-operation continually adapts itself to the changing demands of the public, and diversifies its own products and services fully as fast as the public diversifies its purchases. The Co-operative Commonwealth cannot be built on the grocery trade, or even on the trade in coal and milk. These are elements in it ; but they are not enough. It is urgent for Co-operators to make up their minds what industries and services they really mean to claim for Co-operative enterprise, and what others they are prepared to help in transferring to State or municipal control in one form or another. Having done this, Co-operators need to devise the appropriate instruments for taking control of the industries and services which they are really determined to take into their own hands, and to secure from the Labour Party a reciprocal agreement to help them in realising their demands. These questions of policy are fully as urgent as questions of organisation ; indeed, organisation should depend upon policy, and it is largely because Co-operators are unclear about

their policy that reforms in organisation hang fire. The Co-operative Movement has cause to be proud of its hundred years of democratic development ; but, in a rapidly changing world which is on the eve of vast further technical and social advances, it can by no means afford to be complacent, or to stand still.

APPENDIX

WHO WERE THE PIONEERS?

Who were the Rochdale Pioneers—the founders and original members of the Pioneers' Society? Their number is usually given as twenty-eight, and they are often spoken of as "the twenty-eight flannel-weavers of Rochdale." It is, however, uncertain whether there were really twenty-eight Pioneers; and it is quite certain that they were not all flannel-weavers, or even members of the Weavers' Union, out of which the Pioneers' Society is said to have been born. The Weavers' Union may, no doubt, have included workers in the woollen trades who were not weavers; but some of the undoubted Pioneers were not woollen workers at all, but, as we shall see, followed quite different occupations. As for the "28," tradition strongly asserts the number; and tradition may be right, though it has often been suggested that the twenty-eight founders are merely a deduction from the fact that the Pioneers' Society started with a capital of £28, divided into £1 shares. I set out on my attempt to discover who the original Pioneers were without any presumption either that they did, or that they did not, number precisely twenty-eight. In the end, I came to the conclusion that there were twenty-eight persons on whose behalf a better case could be made out for regarding them as original members than on behalf of any others. The purpose of this Appendix is to present the evidence, which at any rate carries the matter a good deal further than it has been carried, as far as I know, by any previous investigator.

My predecessors in compiling lists of the twenty-eight Pioneers are, first, George Jacob Holyoake, who, in his *History of the Pioneers' Society*, gave a list containing twenty-two names which are also in my list, and six which are not. William Robertson, in his *Souvenir History* written for the Rochdale Co-operative Congress of 1892, did not give a formal list; but a list can be extracted by implication from what he wrote. There are again six differences between Robertson's list and mine; but five of these arise because I have taken him as, by implication, including the five Arbitrators, who were definitely not members at the start. This forced him to leave out certain names which have a conclusive claim to be included. The third list appears in *Co-operation*, by the late Professor Fred Hall and Mr. W. P. Watkins. Yet again twenty-two out of the twenty-eight names coincide. Hall and Watkins have included three of the five Arbitrators. The fourth list was published in the *Co-operative Review* of November, 1933, and was compiled by J. F. Schill Laan Copes and George E. Crossley. It contains only twenty-seven names, of which twenty-one

tally with those in my list. Again, three of the five Arbitrators are included.

There is one other list of which mention must be made, because I have made use of it in a different way from previous investigators.

There is preserved in the archives of the Pioneers' Society the original "Purchase Book," recording purchases from the inception. At the back of this book is an undated list of names of members, clearly including the original members and those who joined the Society early in its career. The forty-fifth name on this list is that of Richard Lees, whom we know from the Society's original Minute Book, in James Daly's handwriting, to have been admitted on December 26th, 1844. His is the only name recorded as admitted in the Minutes for that day; and the names in the Purchase Book from thirty-three (James Riley, admitted on September 5th) to forty-five tally with the names recorded in the Minute Book at successive meetings between these dates, and are in the same order. Thus, it seems natural at first sight to regard the Purchase Book as giving the names of members in the order of admission from the beginning of the Society. On this showing the twenty-eight Pioneers would be the following :—

1.	James Daly	..	Joiner	..	..	John Street
2.	Charles Howarth	..	Warper	..	..	Oldham Road
3.	John Bent ..	..	Tailor	..	..	John Street
4.	James Tweedale	..	Clogger	..	..	Barnish Lane
5.	James Smithies	..	Woolsorter	..	..	Drake Street
6.	Joseph Smith	..	Woolsorter	..	..	Water Street
7.	William Lee	..	Weaver	..	..	Spotland Bridge
8.	John Whitehead	..	Weaver	..	..	School Lane
9.	James Holt..	..	Weaver	..	..	Greenwood Street
10.	Robert Buckley	..	—	..	..	Flannel Street
11.	Edmund Fitton	..	Weaver	..	..	Victoria Place
12.	George Ashworth	..	Weaver	..	..	Paddock
13.	James Bamford	..	Weaver	..	..	South Lane
14.	Benjamin Brierley	..	Weaver	..	..	Pinfold
15.	John Lomax	..	Weaver	..	..	Milkstone
16.	Joe Crabtree	..	Weaver	..	..	Toad Lane
17.	William Taylor	..	Weaver	..	..	Shawclough
18.	Samuel Ashworth	..	Weaver	..	..	High Street
19.	John Holt ..	..	Weaver	..	..	Redcross Street
20.	James Standring	..	Weaver	..	..	Entwistle Place
21.	James Lord	..	Weaver	..	..	Mount Pleasant
22.	Miles Ashworth	..	Weaver	..	..	Spotland Bridge
23.	Abraham Taylor	..	Weaver	..	..	School Lane
24.	James Maden	..	Weaver	..	..	North Lane
25.	James Knowles	..	Weaver	..	..	Mount Pleasant

- | | | | | | | |
|-----|-----------------|----|--------------|----|----|-----------------|
| 26. | Abraham Holt | .. | Weaver | .. | .. | Oak Street |
| 27. | James Manock | .. | Weaver | .. | .. | Spotland Bridge |
| 28. | Samuel Ashworth | .. | Warehouseman | .. | .. | Spotland Bridge |

It will be noted that this list includes most of the best-known Pioneers, except William Cooper, whose name stands thirtieth on the list. But among the twenty-eight are several of whom no more is heard in the history of the Society, and several others who are usually regarded as unquestionable Pioneers are left out. It will be observed that of the twenty-eight here given twenty are weavers (possibly twenty-one, if, as seems likely, Robert Buckley's trade was omitted by accident), and that another is a warper, two others wool-sorters, and one a, presumably textile, warehouseman. It seems to me highly probable that we have here the actual list of the first twenty-eight who actually came into the Society, but that some of them speedily dropped out, and therefore were not counted subsequently as "Pioneers."

Following these twenty-eight names are four others before we come to James Riley, the first person whose admission to membership is recorded in the MS first Minute Book of the Society. Riley joined on September 5th, 1844, at the first recorded meeting after the foundation date—August 15th. It seems clear that we ought to regard the four names standing before Riley's as those of original members ; and this conclusion is reinforced when we see who they are. The four names are :—

- | | | | | | | |
|-----|-------------------|----|------------|----|----|--------------------|
| 29. | William Williams | .. | Overlooker | .. | .. | (No address given) |
| 30. | William Cooper | .. | Weaver | .. | .. | Lowerplace |
| 31. | Benjamin Rudman | .. | Pedlar | .. | .. | Shawclough |
| 32. | William Mallalieu | .. | Spinner | .. | .. | Jackybrow |

One way of making up a list of twenty-eight original Pioneers would be to substitute these four, who are all known to have been actively connected with the Society from the beginning, for four of the unknown names in the previous list. But it is not so easy to know whom to exclude. Of the twenty-eight in the previous list, there are eleven of whom practically nothing is known. These are William Lee, Robert Buckley, Edmund Fitton, Benjamin Brierley, John Lomax, James Lord, Abraham Taylor, James Knowles, Abraham Holt, Joe Crabtree, and the second Samuel Ashworth. There were definitely two different Samuel Ashworths—a weaver (No. 18), of High Street, and a warehouseman (No. 28), of Spotland Bridge. It is not possible to say definitely which was the Samuel Ashworth who was later famous in the history of the Society ; but I am inclined to favour the warehouseman, despite the fact that he is usually spoken of as a weaver. The reason is that the famous Samuel was the son of Miles, and Miles and the warehouseman are both described as "of Spotland Bridge." The point, however, is unimportant. What

is important is that at least ten of the eleven, and probably all the eleven, were weavers, which suggests that the Weavers' Union played a leading part in the early stages of the Society's formation, but then dropped speedily into the background.

Those whom it pleases may compile a list of the "twenty-eight" by including Williams, Cooper, Rudman, and Mallalieu, who have all unquestionable claims, and leaving out at random any four of the ten unknowns. I do not propose to take this course, though I agree that it may quite possibly be correct. I propose to assume that quite a number of the weavers dropped out at an early stage, and to attempt to arrive at the list of original Pioneers by a different route.

For this purpose, I propose to begin with the original MS Minute Book of the Pioncers, now preserved, together with the Purchase Book, in the Museum at the Toad Lane Store. This Minute Book records nine persons as present at the meeting on August 13th, 1844, which formerly constituted the Pioneers' Society, and resolved "That the Society date its establishment August 15th, 1844." These nine were as follows :—

Miles Ashworth, James Bamford, James Daly, Charles Howarth, James Holt, John Holt, James Smithies, William Taylor, and James Tweedale. It will be noted that William Cooper is not recorded as present, and that all the nine are among the first twenty-eight names given in the Purchase Book, where they stand as numbers 22, 13, 1, 2, 9, 19, 5, 17, and 4. These nine can be taken as certain Pioneers.

The original officers of the Society were :—

President : Miles Ashworth.

Secretary : James Daly.

Treasurer : John Holt.

Directors : James Bamford, James Holt, James Smithies, William Taylor, James Tweedale.

These are eight out of the nine who were present on August 13th. The ninth was Charles Howarth, who was one of the original trustees. The other original trustees were George Ashworth and William Walker. George Ashworth was clearly an original member, though not present on August 13th. We find him moving motions at early meetings. William Walker, however, is noted as absent from the meeting on September 5th, and on October 3rd William Mallalieu was elected as a trustee in his place. It seems clear that Walker was an original member, but dropped out for some unknown reason right at the start, so that he was not included in the list of members given in the Purchase Book.

It is generally stated that William Cooper, as cashier, Samuel Ashworth, as salesman, and David Brooks, as purchaser, were

also among the original officers. Actually, as the Minute Book tells us, William Cooper was elected cashier and Samuel Ashworth salesman on December 16th, 1844. The Minute Book also records David Brooks as joining the Society, with John Collier, on November 21st, 1844, and as being appointed purchaser, jointly with John Holt, on December 12th. On the same day as Brooks and Collier joined, William Williams was appointed collector for the Castleton district.

The five Arbitrators are generally included as original members of the Pioneers' Society. It will, however, be noted that not one of the five—Charles Barnish, John Garside, George Healey, John Lord, James Wilkinson—appears in the list of members in the Purchase Book. It seems likely that the Arbitrators were originally selected from outside the membership of the Society, though some of them probably joined it later. Arbitrators were first appointed, according to the Minute Book, on November 14th, 1844, when four were chosen, John Lord being added a week later, on November 21st.

The photograph of the Pioneers taken in 1865 includes thirteen persons. They are :—

Samuel Ashworth (18 or 28)	Benjamin Rudman (31)
John Bent (3)	John Scowcroft (—)
David Brooks (40)	Joseph Smith (6)
John Collier (39)	James Smithies (5)
William Cooper (30)	James Standring (20)
Charles Howarth (2)	James Tweedale (4)
James Manock (27)	

The numbers given after these names are taken from their order in the Purchase Book. It will be seen that, in addition to Cooper, four others do not figure among the first twenty-eight names in the Purchase Book. Of these :—

David Brooks, as we have seen, was admitted on November 21st, and made purchaser on December 12th, 1844 ;

John Collier, also joined on November 21st, 1844 ;

Benjamin Rudman stands next to Cooper on the list, just before Mallalieu ;

John Scowcroft does not appear at all in 1844, but the Minute Book shows him as active in the Society in 1845, and he was undoubtedly closely associated with the Society in its early days. In view of his known poverty, it seems possible that he was prevented from becoming a full member at the outset through inability to pay.

The Minute Book records that, on October 27th, 1844, the following were appointed a committee to inspect prospective premises on the Society's behalf : Miles Ashworth, James Daly, John Hill, Charles Howarth, James Maden, William Mallalieu.

Let us see now how many undoubted Pioneers we have.

1. James Daly	No. 1 in Purchase Bk.	Orig. Sec.	Present Aug. 13th.
2. Charles Howarth	" 2	Trustee	" "
3. John Bent	" 3	Auditor	" —
4. James Tweedale	" 4	Director	Present Aug. 13th.
5. James Smithies	" 5	"	" "
6. Joseph Smith	" 6	Auditor	" —
7. James Holt	" 9	Director	Present Aug. 13th.
8. George Ashworth	" 12	Trustee	" —
9. James Bamford	" 13	Director	Present Aug. 13th.
10. William Taylor	" 17	"	" "
11. Samuel Ashworth	" 18 (or 28),	" Collector	Made Salesman, Dec. 16th.
12. John Holt	" 19	" Treas.	Present Aug. 13th.
13. James Standring	" 20	No original office, but included in photograph.	
14. Miles Ashworth	" 22	Orig. President.	Present Aug. 13th.
15. James Maden	" 24	No original office, but on Premises Committee, Oct. 27th, and included in photograph.	
16. James Manock	" 27	No original office, but included in photograph.	
17. William Williams	" 29	Orig. Collector for Castleton, Nov. 21st.	
18. William Cooper	" 30	Appointed Cashier, Dec. 16th.	
19. Benjamin Rudman	" 31	Signed Original Rules.	
20. William Mallalieu	" 32	Appointed Trustee in place of Walker, Oct. 3rd.	
21. John Collier	" 39	Elected to the Society only on Nov. 21st, but included in photograph.	
22. David Brooks	" 40	Elected on the same day as Collier, but included in photograph. Made Purchaser, Dec. 12th.	
23. John Scowcroft	Not given in,,	Active early in 1845 (Minute Book). Included in photograph.	

This gives us twenty-three certain Pioneers. The list of twenty-eight can possibly be completed by adding the five Arbitrators who, even if not formally members, were closely associated with the inception of the Society. It should, however, be noted that they were definitely not purchasing members.

They are :—

Charles Barnish	Not in Purchase Book	Original Arbitrator, Nov. 14th.
John Garside	" "	" "
George Healey	" "	" "
James Wilkinson	" "	" "
John Lord	" "	Appointed Arbitrator, Nov. 21st.

If the five Arbitrators are left out as not having been members, the following seem to have the strongest claims to be included among the first twenty-eight members :—

24. John Whitehead	No. 8 in Purchase Bk.	Made a Director in 1845.
25. James Riley (or Ryley)	" 33	Admitted on motion of Howarth and Bamford, Sept. 5th.

26. John Hill	No. 34 in Purchase Bk	On Committee to examine premises, Oct. 27th. Made Treasurer in 1845.
27. Thomas Chadwick	„ 35 „ „	Admission recorded in Minute Book, Sept. 19th.
28. Robert Taylor	„ 36 „ „	Admission recorded in Minute Book, Oct. 17th.

This leaves out :- -

William Walker	Not in Purchase Bk.	Named in Minute Book as Original Trustee, but withdrew at once.
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This, then, is my choice for a list of the first twenty-eight members of the Pioneers' Society. It omits eleven names from the first twenty-eight given in the Purchase Book, as follows :—

William Lee	No. 7 in Purchase Book.	
Robert Buckley	„ 10 „	
Edmund Fitton	„ 11 „	
Benjamin Brierley	„ 14 „	
John Lomax	„ 15 „	
Joe Crabtree	„ 16 „	
Samuel Ashworth	„ 18 (or 28) „	(the second of the name).
James Lord	„ 21 „	
Abraham Taylor	„ 23 „	
James Knowles	„ 25 „	
Abraham Holt	„ 26 „	

It seems certain that all these were original or very early members, but dropped out soon. I can find nothing more about any of them.

In addition, the following seem definitely to have joined before the end of 1844 :—

John Dawson	No. 37 in Purchase Bk.	Member of the Owenite Social Institute, 1843. Admission recorded in Minute Book, Oct. 31st, 1844.
James Butterworth	„ 38	Admission recorded in Minute Book, Nov. 14th, 1844.
James Wilson	„ 41	Admission recorded in Minute Book, Dec. 5th, 1844.
Robert Lupton	„ 42	Admission recorded in Minute Book, Dec. 19th, 1844.
George Morton	„ 43	Admission recorded in Minute Book, Dec. 19th, 1844.
James Whatmough	„ 44	Admission recorded in Minute Book, Dec. 19th, 1844.
Richard Lees	„ 45	Admission recorded in Minute Book, Dec. 26th, 1844.
William Oldham	Not in Purchase Book, but admission recorded in Minute Book, November 14th, 1844.	
Samuel Allat	Not in Purchase Book, but admission recorded in Minute Book, November 14th, 1844.	
Isaac Clegg	Not in Purchase Book, but admission recorded in Minute Book, November 14th, 1844.	
William Halliwell	Not in Purchase Book, but admission recorded in Minute Book, November 14th, 1844. (Manager of the Corn Mill, 1852.)	
John Crabtree (?= Joe Crabtree)	Not in Purchase Book, but admission recorded in Minute Book, November 14th, 1844.	
James Casson	Not in Purchase Book, but admission recorded in Minute Book, Dec. 5th, 1844.	

The following also joined either late in December, 1844, or at the beginning of January, 1845, but their admission is not mentioned in the Minute Book :—

Abraham Butterworth No. 46 in Purchase Bk.

Charles Shaw	„ 47	„	„	
Samuel Shore	„ 48	„	„	name crossed out in Purchase Book

Andrew Pilling	„ 49	„	„
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Others who joined near the beginning, but not before the beginning of 1845, include : John Aspden, John Brierley, John Buckley, John Cockcroft, Benjamin Jordan, John Kershaw (collier), John Kershaw (warehouseman), James Nuttall, Thomas Taylor, Samuel Tweedale, William Whatmough, Robert Whitehead.

I have compiled a table, which I hope to publish in a supplementary volume in the near future, together with a good deal more biographical material about the Pioneers, and a full Co-operative bibliography. In this table I give a detailed comparison of the various lists, designed to include everybody on whose behalf any plausible claim to be regarded as an original Pioneer can be advanced. It contains sixty-six names. The four previous lists (Holyoake, Robertson, Hall and Watkins, and the *Co-operative Review* list) had twenty-four out of the twenty-eight names common to all four. These included three of the five Arbitrators, whom I have excluded on the ground that they were not actual members, and also John Kershaw, whereas the Minute Book proves that neither of the two John Kershaws joined until 1845. This leaves twenty names common to all the lists, including mine—except, of course, the list given in the Purchase Book. Two other names appear in three of the four lists : of these I have accepted Robert Taylor, but rejected Samuel Tweedale, who joined in 1845. Two more appear in two lists : of these I accept John Hill as certain, but exclude Benjamin Jordan.

THE ROCHDALE PIONEERS: A COMPARISON OF VARIOUS LISTS

Present at Foundation Meeting, August 13th	Original Officers.	Included in 1865 Portrait.
ASHWORTH, Miles	ASHWORTH, George. ASHWORTH, Miles. ASHWORTH, Samuel	ASHWORTH, Samuel
BAMFORD, James	BAMFORD, James *BARNISH, Charles. BENT, John. BROOKS, David	BENT, John. BROOKS, David
	COOPER, William	COLLIER, John. COOPER, William
DALY, James	DALY, James *GARSIDE, John. *HEALFY, George	
HOLT, James HOLT, John. HOWARTH, Charles	HOLT, James. HOLT, John. HOWARTH, Charles *LORD, John. MALLAMER, William	HOWARTH, Charles MANOCK, James RUDMAN, Benjamin SCOWROFT, John
SMITHIES, James	SMITH, Joseph SMITHIES, James	SMITH, Joseph. SMITHIES, James. STANDRING, James
TAYLOR, William TWEEDALE, James	TAYLOR, William. TWEEDALE, James. WALKER, William. *WILKINSON, James. WILKINS, William.	TWEEDALE, James

* Arbitrators

Included in Holyoake's List.	Included in Robertson's List.	Included in Hall and Watkins's List.
ASHWORTH, Miles. ASHWORTH, Samuel.	ASHWORTH, George. ASHWORTH, Miles. ASHWORTH, Samuel.	ASHWORTH, Miles. ASHWORTH, Samuel.
BAMFORD, James.	BAMFORD, James.	BAMFORD, James.
BENT, John.	BARNISH, Charles. BENT, John.	BENT, John.
BROOKS, David.	BROOKS, David.	BROOKS, David.
COLLIER, John. COOPER, William.	COLLIER, John. COOPER, William.	COLLIER, John. COOPER, William.
DALY, James.	DALY, James.	DALY, James.
GARSIDE, John.	GARSIDE, John.	GARSIDE, John.
HEALEY, George. HILL, John.	HEALEY, George.	HEALEY, George. HILL, John.
HOLT, John. HOWARTH, Charles.	HOLT, James. HOLT, John. HOWARTH, Charles.	HOLT, John. HOWARTH, Charles. JORDAN, Benjamin. KERSHAW, John.
KERSHAW, John.	KERSHAW, John.	
	LORD, John.	
MADEN, James. MALLALIEU, William. MANOCK, James.	MADEN, James. MALLALIEU, William. MANOCK, James.	MADEN, James. MALLALIEU, William. MANOCK, James.
RUDMAN, Benjamin. SCOWCROFT, John.	RUDMAN, Benjamin. SCOWCROFT, John.	RUDMAN, Benjamin. SCOWCROFT, John.
SMITH, Joseph. SMITHIES, James. STANDRING, James.	SMITH, Joseph. SMITHIES, James. STANDRING, James.	SMITH, Joseph. SMITHIES, James. STANDRING, James.
TAYLOR, Robert. TAYLOR, William. TWEEDALE, Ann. TWEEDALE, James. TWEEDALE, Samuel.	TAYLOR, William. TWEEDALE, James.	TAYLOR, Robert. TAYLOR, William. TWEEDALE, James. TWEEDALE, Samuel.
WILKINSON, James.	WILKINSON, James.	WILKINSON, James.

Continued on pages 412-3.

A COMPARISON OF VARIOUS LISTS (*continued*).

Included in <i>Co-operative Review</i> List	Included among First 25 in Purchase Book	Included in Purchase Book, but not among First 25.
ASHWORTH, Miles. ASHWORTH, Samuel.	ASHWORTH, George ASHWORTH, Miles. ASHWORTH, Samuel (1) ASHWORTH, Samuel (2)	
BAMFORD, James.	BAMFORD, James.	
BENT, John.	BENT, John.	
BROOKS, David	BRIDGLEY, Benjamin. BRICKLEY, Robert.	BROOKS, David (40).
		BUTTERWORTH, Abraham (16) BUTTERWORTH, James (38).
		CHADWICK, Thomas (35).
COLLIER, John. COOPER, William.		COLLIER, John (39). COOPER, William (30).
	CRABTREE, Joe.	
DALY, James.	DALY, James.	
	FITTON, Edmund.	DAWSON, John (37).
GARSDY, John.		
HEALEY, George		HILL, John (34).
	HOLT, Abraham. HOLT, James. HOLT, John. HOWARTH, Charles.	
HOLT, John. HOWARTH, Charles. JORDAN, Benjamin. KIRKSHAW, John	KNOWLES, James. LEE, William. LOMAX, John. LORD, James.	LEES, Richard (15).
	MADEN, James.	LUTTON, Robert (12).
MADEN, James. MALLALIEU, William. MANOCK, James	MANOCK, James.	MALLALIEU, William (32).
		MORTON, George (13).
		PILLING, Andrew (19). RILEY, James (33). RUDMAN, Benjamin (31).
RUDMAN, Benjamin. SCOWCROFT, John.		SLAW, Charles (17). SHORT, Samuel (48).
	SMITH, Joseph. SMITHIES, James. STANDRING, James. TAYLOR, Abraham.	
SMITH, Joseph. SMITHIES, James. STANDRING, James.	TAYLOR, William.	TAYLOR, Robert (36).
TAYLOR, Robert. TAYLOR, William.		
TWEEDALE, James. TWEEDALE, Samuel.	TWEEDALE, James.	
		WHYTMOUGH, James (11).
WILKINSON, James.	WHITEHEAD, John.	WILLIAMS, William (29). WILSON, James (11).

Number in brackets is Number in Purchase Book.

Others shown by Minute Book to have Joined in 1844.	FINAL LIST
ALLAT, Samuel.	ASHWORTH, George. ASHWORTH, Miles. ASHWORTH, Samuel. BAMFORD, James. †BARNISH, Charles. BENT, John. BROOKS, David.
CASSON, James. CLEGG, Isaac.	CHADWICK, Thomas. COLLIER, John. COOPER, William.
CRABTREE, John.	DALY, James.
HALLIWELL, William	†GARSIDE, John. †HEALEY, George. HILL, John. HOLT, James. HOLT, John. HOWARTH, Charles.
OLDHAM, William	†LORD, John. MADEN, James. MALLALIEU, William. MANOCK, James. RILEY, James. RUDMAN, Benjamin. SCOWCROFT, John. SMITH, Joseph. SMITHIES, James. STANDRING, James. TAYLOR, Robert. TAYLOR, William. TWEEDALE, James. †WALKER, William. WHITEHEAD, John. †WILKINSON, James. WILLIAMS, William.

† Arbitrators, but not Members

‡ Original Trustee, but withdrew.

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